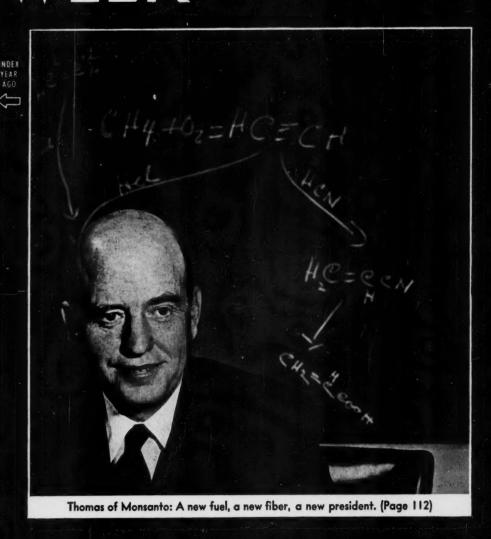
BUSINESS WEEK

MOBILIZATION'S NEW PHASE

After MacArthur

PAGE 19



MAY 5, 1951

TWENTY FIVE CENTS



LISTEN for the deceitful words that promise new freedoms but promote slavery.

Freedom is never lost by a single act. It is stolen by innocent sounding words that breed doubt, suspicion, and dissatisfaction.

Communism thrives
on sugar-coated promises
with pink centers.

Our country will remain free, only if we LISTEN for the lies, the half-truths . . . and expose them.

BOHN ALUMINUM & BRASS CORPORATION
GENERAL OFFICES: LAFAYETTE BLDG. • DETROIT 26, MICHIGAN

EXTRUSIONS . CASTINGS . FORGINGS . PISTONS . BEARINGS INGOTS . AUTOMOTIVE REPLACEMENT PARTS . AIRCRAFT PARTS

Every Sunday Afternoon on NBC Television . . . "American Forum of the Air"

Consult Your Newspaper for Time and Station

BOHN



3 tons of whirling steel kept a whole town awake

A typical example of B. F. Goodrich product improvement

FROM June to September that 3-ton cylinder of steel, half a block long, spins like a whirling top. It is dehydrating green alfalfa hay into dry cattle feed.

Fine for cattle but tough on humans, because the big gears needed to drive that machine were so noisy the whole Nebraska town was kept awake-and objected. Strenuously.

Engineers knew that rubber belts, used instead of the gears, would be quiet, but ordinary V belts would have gone to pieces in a few months. A B. F. Goodrich engineer recommended B. F. Goodrich grommet V belts. They

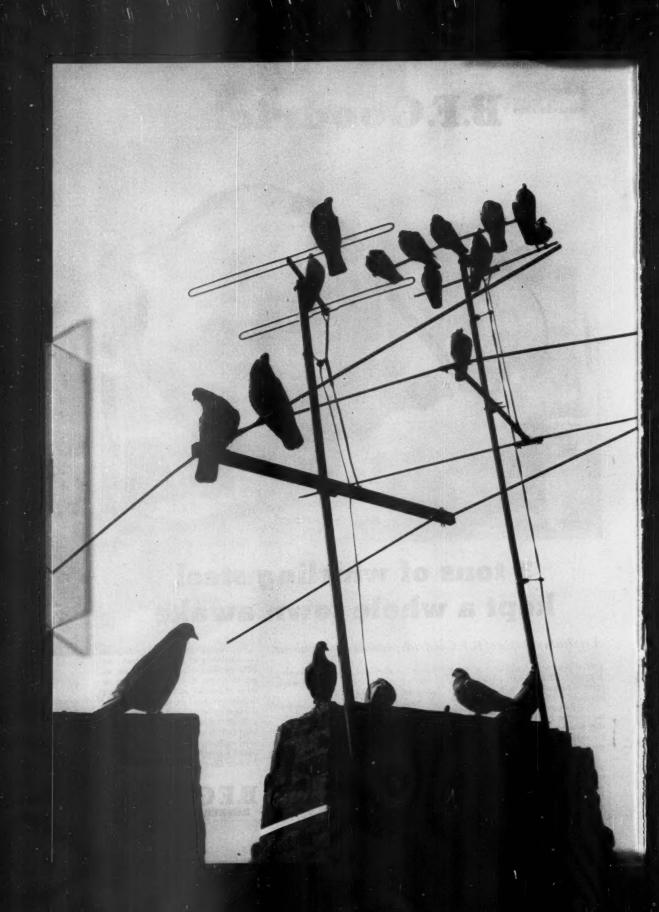
were installed and have been running for two seasons now, 7 days a week, and are still going strong.

Now the town sleeps, and the feed company saves 50% in operating costs.

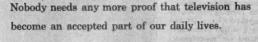
A grommet is a tension member inside the belt. It is made like a giant cable except that it's endless-a cord loop built by winding cord on itself. It makes a flexible belt but one that stands shocks and heavy loads. No other kind of belt has grommets; no other belt stands so much punishment or lasts so long.

Product improvement like this goes on constantly at B. F. Goodrich; no BFG product is too unimportant to get its share. If you use V belts or other industrial rubber goods, don't decide any product you may buy is the best to be had without first seeing your BFG distributor and finding out what B. F. Goodrich research may have done recently to improve it. The B. F. Goodrich Company, Industrial & General Products Division, Akron, Obio.

B.F. Goodrich



It's part of the landscape



Nevertheless, attention should be paid to that word "daily." More and more, television is stretching itself around the clock. 90% of all U.S. television stations are now on the air before 2 p.m., and by next year most of them will be broadcasting before noon.

Priceless franchises are right now being bought up.
Big shows, big talent, and big advertisers are moving
in wherever you look. Indeed, 6 of the 7 biggest
advertisers of low-unit-cost products are already in.

Before you know it, daytime television, like nighttime, will be a sell-out. And before *that* happens, you'd better be there.

And when you start looking at daytime, you'd better look at CBS. The same skills that have always made CBS programming stand out are now operating in daytime television. Here you will find the first big afternoon comedy-music-variety shows, for example—Garry Moore and Steve Allen—and television's first serial story, "The First Hundred Years."

CBS Daytime Television is in business to serve the kind of advertisers who have always known you have to get up early to stay ahead of competition.

CBS TELEVISION

interesting facts

HOW TO CURE YOUR BOILERS OF *aerosolitis*

Aerosols are fog-like suspensions of tiny drops of water which sometimes form when water boils. Carried along by the steam, these solids eventually form deposits on superheaters . foul turbine blades. This boiler disease-aerosolitis-is easily, simply treated with Dearborn Polyamide Anti-Foams which inhibit aerosol formation . prevent foaming . . . produce purer steam.





stopping corrosion ON GASOLINE STORAGE TANKS

Gasoline storage tanks are mounted on concrete bases. Corrosion at the base of the tanks will positively be eliminated by first coating the concrete base with NO-OX-ID . . . then setting the tank in place. NO-OX-ID will prevent rust wherever there is metal-to-concrete, metal-to-wood or metal-to-metal contact.

CORRECT TREATMENT KEEPS THE dredge's diesels healthy

The Diesels of this Florida dredge have always performed efficiently ... due in large measure to the regular use of Dearborn Diesel Treatment for the last 18 years. This type of maintenance pays dividends in reduced expense . . . means minimum loss of productive hours due to shutdowns.



Whether you operate an industrial or processing plant . . . a utility or a pipe line . . . a railroad or a steamship line . . . Dearborn's specialized experience in water treatment and rust preventives is available to help conduct your business more efficiently, more economically.



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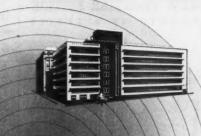
BUSINESS WEEK . MAY 5 . NUMBER 1131

(with which are combined The Annalist and the Maranine of Business) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1800-1948), Founder • Publication Office, 99-129 North Broad-1948, Founder • Publication Office, 99-129 North Broad-1948, Founder • Publication Office, 99-129 North Broad-194 Office, 1949, President and Wickersw. President; Willard Chevaller, Executive Vice-President; Publications Division; Balpis B. Smith, Editorial Director; Nelson Bond, Vice-President and Director of Advertising.

Smith, Editorial Director; Nelson Bond, Vice-President and Director of Advertising.

The President and Director of Advertising. President and Director of Editorial Director, Plesson Bond, Vice-President and Director of Circulation, Business Week, 99-129 N. Broadway, Albany J. N. Y., or 330 Weet 42md St. New York Subscriptions to Business Week are solicited only from management—men in business and industry, Position and company connection must be indicated on subscription Single copies 25c. Subscription rates—Vulted States

Single copies 25c. Subscription rates — United States and possessions 46.00 a sear; \$12.00 for three years, Canada \$7.00 a year; \$14.00 for three years, Canada \$7.00 a year; \$14.00 for three years • All other countries \$10 a year; \$20.00 for three years • All other countries \$20 a year; \$40.00 for three years • Entered as second class matter Dec. 4, 1930, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879 • Printed in U.S.A. Copyright 1831 by McGraw-Hill Publishing Co., Ibc. — All fillings Reserved.



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Century Electric Co., St. Louis, Mo. This up-to-date, midwestern factory provides elevator service that matches its modern functional design. One Westinghouse passenger and three freight elevators give cost-cutting, time-saving service.

IN VERTICAL TRANSPORTATION



RANK

Anglo California National Bank, Oakland Office, Oakland, Calif. Westinghouse Electric Stairways make banking easy at this well-known financial institution—carry customers and employees quickly and smoothly from street to main banking floor.

OFFICE BUILDING

10 10

M & W Tower, Dallas, Texas. Six Westinghouse Selectomatic Elevators give this attractive, new office building the best in smooth, quick vertical transportation.

For years, Westinghouse engineering developments have stimulated the vertical transportation industry to strive for ever higher standards of quality and efficiency. In every phase of vertical transportation—equipment, maintenance, and service—
Westinghouse has been the vanguard for progress.

So, whatever your traffic problems may be—there's a Westinghouse Integrated Vertical Transportation System to solve them completely. For information, write Westinghouse Electric Corporation, Elevator Division, Dept. Λ-1, Jersey City, N. J. Look ahead with the leader . . .

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PASSENGER ELEVATORS . ELECTRIC STAIRWAYS . FREIGHT ELEVATORS . MAINTENANCE & SERVICE

NEW FRONTIER EDITION

Tall Tale

Ever hear how Paul and Babe hauled the kinks out of Whistling River? Had to have something to hook to, so Paul Bunyan first freezes the river solid with a couple half-grown blizzards. Then he hitches her up to Babe with a log chain. Gee-up and the Mighty Blue Ox pulls till he sinks knee-deep in solid rock. River won't budge so Paul grabs aholt and gives a heave that sends the river slithering out across the prairie so fast it turns to steam.



For pulling power, the successors to Paul and Babe are diesel-electric locomotives hauling streamliners and mile-long freight trains across a continent, up winding canyons, through 5-mile tunnels and snow filled passes. Always looking for something better, the company of men who first displaced steam with diesel-electric motive power were also the first to massproduce silicone (Class H) insulated traction motors.

And there's another fabulous fact. This new class of electrical insulation introduced by Dow Corning makes motors and generators last at least 10 times as long as they ever did before. It keeps them running 24 hours a day in spite of overloads, heat and high water. That means more goods and armaments; more power per pound of copper; more compact and reliable electric motors for shipboard and aircraft use.

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IF YOU WEAR GLASSES try Sight Savers and see how well silicones clean, polish and protect eyeglasses. SIGHT SAVERS are the new, popular Dow Corning Silicone treated tissues that KEEP YOUR GLASSES CLEANER.

10c at all drug and tobacco counters.

Highlights In This Issue

MacArthur Boom

• If you've got a song or a jug or a statuette—and can tie it in to the general—you're in clover.

P. 22

Sad Machinists

• Machine tool builders are finding that this mobilization has some problems they didn't meet in the war. P. 24

How You Produce More

• It isn't so much better machines, says an economist who specializes in productivity. It's smarter ideas and more give-a-damn. A recorded interview with Solomon Fabricant.

P. 64

Television Slump

• TV marketers have some troubles of their own to go with the general slideoff in appliances. P. 86

Ship Shortage

• There's plenty of tonnage, but it's the wrong kind. Curiously, the government lacks the money to build more, and private shippers don't want to. P. 98

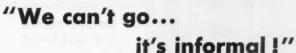
Gunmaker Reneges

"No more guns, ever," says Germany's rebuilt Krupp Works. But no one really thinks the great munitions maker will stick to false teeth indefinitely.
 P. 156

THE DEPARTMENTS

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Quite sensibly these Tuxedo-ed titwillows hesitate to go where they won't feel at ease. They're like the figure worker who frets over some new problem because he hasn't the right equipment. Monroe, you see, makes a model to meet every figuring or accounting need. And every Monroe makes operators more productive and efficient.

Just in case you missed the moral of today's bird lecture, it's this: get Monroes and stay off thin ice with figures.



Monroe solves your figuring and accounting problems...a model to meet every need!



Monroe CALCULATING Mackins
NEW MODEL CSA! The very latest type
fully automatic has just the features required for the economical handling of
ell your general business fluors work.



Monroe ADDING Machine
RHYTHM-ADDI Operators rave about the
affortless speed of Rhythm-add, give
credit to Monroe design, "Velvet Tauch"
keyboard, and glareless cushion-top keys.



Monroe ACCOUNTING Machine
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that handles several kinds of jobs. Like
all Manroes, the "Volvet Touch" is one
reason operators who knew prefer Manroe.

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Every Monroe is sold only through Monroe-owned branches; serviced by Monroe's factory-trained organization.

MONROE MACHINES FOR BUSINESS

Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J.

American-Standard

First in heating . . . first in plumbing



• The compact unit located above the winter air conditioner shown here is the new Magne-filter Air Cleaner by American-Standard. It is the first dry type electronic air filter on the market.

The Magne-filter is more than a filter. It is more than an electronic air cleaner. It is a combination of both, cleaning the air your heating or cooling system circulates throughout your home. Every solid in the air—including dust, dirt,

pollen, bacteria and even tobacco smoke —is trapped by the electrostatic action of the filter cells in the Magne-filter in the same manner a magnet attracts iron.

The Magne-filter Air Cleaner saves hours of housecleaning time. It cuts down cleaning and decorating bills. And it makes the whole house more healthful. No wonder the Magne-filter is rapidly being accepted as an indispensable part of the modern home.

The Magne-filter can be easily and quickly installed in the return air duct of your winter or summer air conditioner. Safe, quiet and extremely cheap to operate, it uses only about as much electricity as a 25-watt light bulb.

In introducing the Magne-filter Air Cleaner, American-Standard makes another contribution to health and comfort.



American Radiator & Standard Sanitary Corporation, General Offices: Pittsburgh 30, Pa.

BUSINESS OUTLOOK

BUSINESS WEEK



Ceiling prices on beef (page 21) aren't likely to mean much without rationing.

Too many tradesmen have learned how to wriggle through the holes in price controls. And, fully as important, too many consumers long since gave up the fight against paying whatever was demanded.

Further, farmers will fight the rollbacks in the new beef orders.

Price regulations will chase cattle away from yards slaughtering under federal regulation. That's step No. 1 in black markets.

First this will shrink the supply of beef at legal prices.

That will automatically increase the demand for pork. Then the stabilizers will come out with their ceilings on hogs. That, in turn, will run hogs into the black market.

People who are willing to pay over-the-ceiling prices will get the meat. That's why rationing is the inevitable partner of ceilings.

Seasonal factors will help the Office of Price Stabilization in its efforts to hold down meat prices later this year.

Supplies of cattle will be somewhat larger in the last half of the year. The hog situation is even better—plus the fact that the year's big run of hogs to slaughter comes from October through New Year's.

Thus, if meat prices stay put—or go down—Washington will have no right to claim the credit.

After the turn of the year, meat will be in seasonally short supply. Then the price ceilings will get their first real test.

Cattle raisers, even before the ceiling price order, either were holding their cattle off the market or selling to new slaughterers.

In any event, the amount of beef going through the federally inspected packers recently has been disappointing. In fact, it has been the smallest for this time of year since rationing ended in 1946.

This is concealed to some extent by the large hog slaughter. Pork has kept total U. S.-graded meat output above 1947-1950 levels.

Beef was a logical place for a start on meat price ceilings. Steers that brought \$30 a cwt. before Korea recently have been around \$37.50 (although prices dropped sharply after the price freeze).

Hogs, on the other hand, at about \$21.50 a cwt., are very little higher than they were last June. (They're down a bit since February.)

Supplies of veal and lamb will increase later this year. However, the rise will be from such a low level that it won't relieve the scarcities.

This will give you some idea: Federally inspected slaughter of veal in the first three weeks of April yielded 29-million lb. against 37-million a year earlier. For lamb, it was 22-million against 29-million.

In that period, dressed weight of beef ran 360-million lb. vs. 373-million last year; pork was 482-million against 409-million.

Smashing records is becoming commonplace for the steel industry.

This week's output is scheduled to exceed rated capacity by 4%. This 104% is the highest percentage rate ever scheduled.

If the week's output measures up to the 104% rate scheduled as the

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

week opened, it will mean 2,079,000 tons of steel—an annual rate of 108-million tons. Thus May is off to beat April, record month up to now.

Railway freight cars are working harder, even as we rush to build more.

One measure is how long it takes, after a loaded car reaches destination, to get it back on the line. That turnaround time averaged 15.58 days in March. That beats even the 15.80 days for March of 1948 (and compares with 18.02 in March, 1949).

But this still can be bettered. In peacetime 1946—but still under wartime rules—the March turnaround average was under 14 days.

Business is keeping a closer check on its inventories.

The National Assn. of Purchasing Agents reports that 80% of its members are buying no more than 90 days ahead. Two months earlier, the number holding down to 90 days had been only 55%.

You can spot the new note of caution in that inventories are no higher than in March. And a third of the purchasing agents report cuts in their outstanding orders for goods.

Restrictions on instalment credit apparently still are cutting into time sales (witness TV dealers' wails to the Federal Reserve Board).

Instalment sales credit was reduced another \$145-million in March. About one-third of the reductions were in automobile loans.

But it may be worth-while to note that the rate of decline is lessening: It had been \$218-million for January, \$172-million for February.

The shift from consumer goods to defense production has finally started—aided by sluggish consumer demand.

Up till now output has been boosted both by more civilian goods and heavier defense outlays.

But consumer goods output is starting to waver.

Easing of demand is only one part of it. The pinch on materials is finally beginning to take hold.

Everyone has been on notice that civilian output has to be cut back. There just are not enough supplies to fuel the defense program, industrial expansion, and record consumer goods all at the same time.

The Federal Reserve Board puts April production at about the same level as it was in March (which was practically the same as January and February).

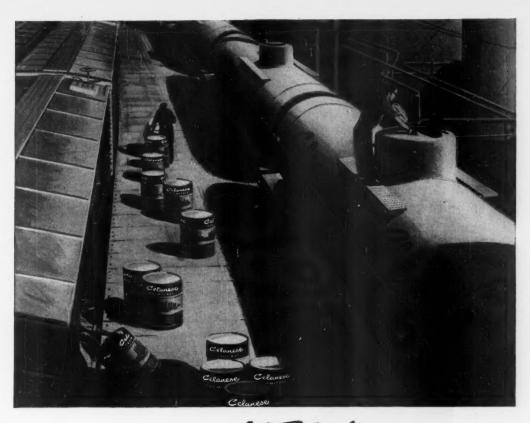
But there is this difference: <u>Autos and household durables contribute</u> less to the total than heretofore.

From now on it's a one way slide. Consumer goods are already cut back to 80% of the steel they used during the beginning of 1950. There is talk of making it 70% for the third quarter.

A look at the defense budget for fiscal 1952 just submitted to Congress shows why there's going to be tough sledding for the consumer durables.

Of the \$60.7-billion requested for defense, \$34.7-billion is for "hardware"—aircraft, tanks, and guns. This hardware item is $2\frac{1}{2}$ times the amount of the entire military budget in pre-Korea days.

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In ACTION on all industrial fronts

Everywhere the Celanese trademark appears . . . on tank cars lined up along railroad sidings . . . on drums stacked on plant receiving platforms . . . everywhere, it's a symbol of intensified industrial activity as more and more industries look to Celanese for volume shipments of organic chemicals.

The Celanese Chemcel plant near Bishop, Texas, is operating 'round-the-clock to meet these growing demands of defense and heavy industry . . . producing Formaldehyde, Acetone, Acetic Acid and other vital organics by the direct oxidation of natural petroleum gases in the district.

Celanese chemical service includes expanded plant facilities employing the most recent developments in chemical production . . . a reliable source of raw materials virtually on the plant's doorstep . . . a nation-wide distribution system . . . research laboratories and pilot plants . . . and valuable technical

assistance based on a generation of experience in petroleum chemistry—assurance to industry of large-scale uninterrupted production.

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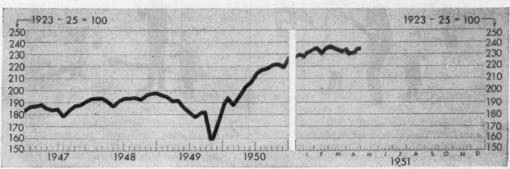
Why they put off filling the empty chair



ON ALL FORMS OF EMPLOYEE INSURANCE YOU WILL BE WELL SERVED BY The Travelers

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford 15, Connecticut.

FIGURES OF THE WEEK



	§ Latest Week	Preceding Week	Month Age	Year Age	1946 Averag
Business Week Index (above)	*236.0	†235.0	235.0	206.5	173.
PRODUCTION					
Steel ingot production (thousands of tons)	2.079	2,065	2,047	1,910	1,28
Production of automobiles and trucks	163,883	1166,502	184,494	148,274	
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$45,301	\$43,893	\$43,011	\$34,709	
Electric power output (millions of kilowatt-hours)	6,674	6,730	6,767	5,902	
Crude oil and condensate production (daily av., thousands of bbls.)	6,154	6,144	6,041	5,014	
Bituminous coal production (daily average, thousands of tons)	1,761	1,662	1,687	1,898	
TRADE					
Miscellaneous and l.c.l. carloadings (daily av., thousands of cars)	79	79	80	75	8
All other carloadings (daily av., thousands of cars)	56	51	45	46	5
Department store sales (change from same week of preceding year)	+1%	+13%	+9%	+5%	+309
Business failures (Dun and Bradstreet, number)	162	151	136	186	21
PRICES					
Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100)	517.1	517.9	523.8	369.2	311.
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100)	360.5	361.1	368.5	221.8	198.
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100)	406.7	†407.5	409.4	314.3	274.
Finished steel composite (Iron Age, lb.)	4.131¢	4.131¢	4.131¢	3.837∉	2.686
Scrap steel composite (Iron Age, ton)	\$43.00	\$43.00	\$43.00	\$31.08	\$20.2
Copper (electrolytic, Connecticut Valley, lb.)	24.500¢	24.500¢	24.500¢	19.500€	14.045
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.44	\$2.44	\$2.41	\$2.31	\$1.9
Cotton, daily price (middling, ten designated markets, lb.)	45.25¢	45.18¢	45.14¢	32.73¢	30.56
Wool tops (Boston, lb.)	#	#	\$4.70	\$2.14	\$1.5
INANCE					
90 stocks, price index (Standard & Poor's)	178.1	174.9	169.7	143.6	135.7
Medium grade corporate bond yield (Baa issues, Moody's)	3.38%	3.39%	3.29%	3.24%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	2-21%	2-21%	2-21%	14-11%	1-1%
ANKING (Millions of dollars)				1	
Demand deposits adjusted, reporting member banks	50,214	49,870	49,487	47,149	1145,210
Total loans and investments, reporting member banks	69,863	69,756	70,198	66,514	††71,147
Commercial and agricultural loans, reporting member banks	19,127	19,198	19,202	13,475	119,221
U. S. gov't guaranteed obligations held, reporting member banks	30,805	30,750	30,886	35,922	1149,200
Total federal reserve credit outstanding.	23,789	24,234	23,852	18,141	23,883
ONTHLY FIGURES OF THE WEEK		Latest Month	Preceding	Year	1946
Consumer credit outstanding (in millions)			Month £10 £26	Age 616 220	Average
Installment credit outstanding (in millions)		\$19,375 \$12,980	\$19,536 \$13,075	\$16,338 \$11,077	\$6,802 \$3,025

+ Estimate (BW-Jul.12'47,p16).

+Revised



Lieutenant Lew had earned a leave, vacation from the fleet. "Come on, my dear," he told his wife, "I've planned a family treat. We'll weekend at the Statler—where you really are a guest!" "Aye-aye!" replied his wife, and smiled, "The Navy knows what's best."



They "went aloft," and found their room was cheerful, big and bright. "Some cabin!" the Lieutenant cried. "Say, everything's just right! It's like a living room by day, it's great when night comes, too. With Statler's famous bedswe're sure to sleep the whole night through!"



A Statler breakfast in their room was cause for celebration. "Ahoy!" cried Lew as it rolled in, "that's darn good navigation! It's here on time . . . it's piping hot there's lots of coffee! Lookit!" Said Mrs. Lew: "The best part is—I didn't have to cook it!"



4 That afternoon they strolled about, bought Mrs. Lew a gown, and found that Statler really is right in the heart of town. "With all the shops so close," she said, "you get a lot more done," "The shows are just as close," said Lew, "Stop shopping, let's have fun!"



They dined and danced at Statler in a festive atmosphere, and food and music both were grand. Then Mrs. Lew said, "Dear—I think that every family, and I mean civilians, too, would enjoy a stay at Statler." And her husband said: "They dof"



STATLER HOTELS: NEW YORK - BOSTON - BUFFALO - DETROIT

CLEVELAND - ST. LOUIS - WASHINGTON

STATLER OPERATED: HOTEL WILLIAM PENN - PITTSBURGH

ANOTHER GREAT NEW STATLER-LOS ANGELES

(NOW UNDER CONSTRUCTION . READY FOR OCCUPANCY 1952)

WASHINGTON OUTLOOK

WASHINGTON BUREAU MAY 5, 1951



The rush is on to get under CMP—the Controlled Materials Plan the National Production Authority will use to dole out steel, copper, and aluminum starting July 1.

It's a case of businessmen inviting controls. But the fact is that many industrialists fear that unless they are covered by CMP their supply problems will grow even worse.

NPA wants only a limited rationing of metals. So as CMP stands now, only defense contractors and the makers of lines listed as "essential" to defense or the civilian economy will have guaranteed metals allotments. Whatever steel, copper, and aluminum is left over will go into a "free" pool.

Most metal users will be out in the cold. They'll have to scramble for "pool" metal. True, NPA will try to tone down the brawl by putting limitations on production. Still, about the best that pool users can expect is a hand-to-mouth operation with little or no certainty about supplies for the next quarter.

The result is a rush for "essential" ratings. Also, heat is being put on NPA to broaden out CMP to cover more lines. It's hard to persuade the baby-buggy maker that he isn't so important as the farm machinery producer.

NPA will hold firm—for a while. Officials will get by the July quarter without opening the CMP gates. But in the next quarter they expect tough going. As the demand for metals grows, pressure to expand CMP ratings will rise, and NPA will probably have to give in. The heat to make CMP a 100% allocation program comes mostly from small businessmen. And their influence will rise as the 1952 elections come closer.

A campaign to explain CMP—will get going around midmonth. NPA teams are scheduled to visit key cities from coast to coast and lay out the program to businessmen. Cities selected are Boston, New York, Philadelphia, Pittsburgh, Richmond, Atlanta, New Orleans, Cleveland, Chicago, Detroit, St. Louis, Kansas City, Houston, Dallas, Minneapolis, Denver, Los Angeles, San Francisco, Portland, and Seattle.

Your local chamber of commerce, trade association, or Commerce Dept. field office can tell you the exact time and place.

Truman's proposals to tighten economic controls are in trouble (page 19). A week has passed since he sent his control-law amendments to Congress, and in that time sentiment has begun to harden.

Truman is suspected of playing labor politics, and the resentment breaks over party lines. Escalators are the hot issue.

Farmers have an escalator in parity. Parity is supposed to keep farm prices in balance with the cost of living. But Truman's plan is to freeze parity from one crop year to the next and not allow it to fluctuate month by month. The idea is to slow down the rise in food costs.

Big labor unions have escalators, too. These are written in contracts between the unions and employers. The idea is that wages will rise or fall as living costs move up or down, thus stabilizing the buying power of workers. But Truman proposed no freeze on wage escalators.

WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU MAY 5, 1951 Another example of labor influence is in price control. The law now requires price fixer DiSalle to consult with "representatives of persons substantially affected" before imposing ceilings. Truman's amendments would broaden the law to include representatives of "farmers, workers, and consumers." Thus DiSalle would have to listen to buyers, who favor low prices, as well as to sellers in determining fair ceilings.

Most of Truman's control tightenings will be rejected. Congress is in no mood to put them through.

Disalle's beef ceilings may get kicked loose. They'll pinch stock men who paid high prices this spring for animals they will market in the fall. There'll be a row in Congress, and Disalle may have to back up.

A cutback in liquor production is coming. But it won't mean a drought. The distillers have heavy stocks on hand.

Creation of a pool of businessmen trained in government service is an NPA aim. Deputy Administrator Nichols has a rotation plan for key staff jobs. He's bringing in businessmen for six months, then letting them go home. The short session makes recruiting easier. But more important, it builds up a reserve of men trained in material controls and the mechanics of government. That will be an asset if and when big war comes.

The new wage board: Chairman Taylor wasn't able to get the men he wanted—big-name men from industry, labor, and the public. Now he's worried that the board won't have the prestige to make its decisions stick, with the result that strikes will rise.

Note the shrinkage in rearmament plans. It shows up in the new budget (page 136), but has attracted little attention so far.

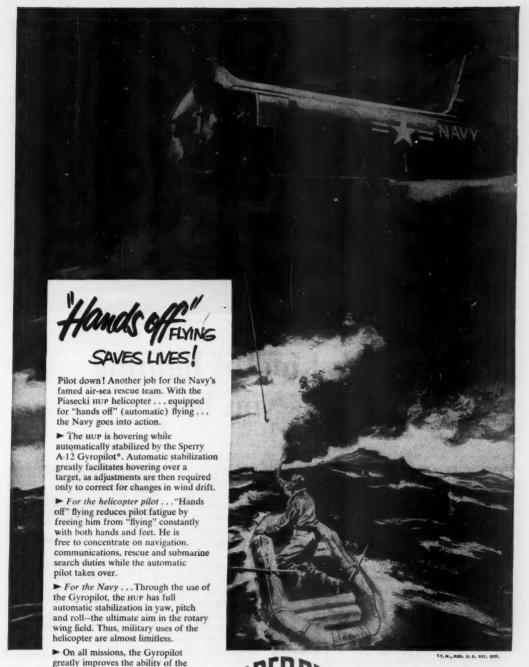
Military expenditures proposed in January were \$70.8-billion for the 18 months ending June 30, 1952—\$10-billion extra for this fiscal year (ending June 30) and \$60.8-billion for fiscal 1952.

The total now is \$67.1-billion—\$6.4-billion for this fiscal year, and \$60.7-billion for the coming fiscal year.

These figures only show a part of the shrinkage. On paper, the drop figures out to a mere \$3.7-billion. But price rises since January have cut the procurement program much more than that. Total shrinkage may come to more than \$10-billion, a substantial drop.

The services aren't satisfied with the total for rearmament and the way it is divided—\$20.8-billion for the Army, \$19.8-billion for the Air Force, and \$15.1-billion for the Navy. They all wanted more. They figured \$85-billion as a minimum for fiscal 1952. But Truman wouldn't buy it. So there'll be pressure later for supplemental funds.

The MacArthur hearings won't settle much. Some of the big mistakes in Eastern policy are coming out. The Wedemeyer report is one example. We were warned in 1947 that if we withdrew from Korea the Soviet would move in. The men who made policy then are still making it today. And the Democrats' effort to keep the investigation secret only adds to the public wonder over how much still is being covered up.



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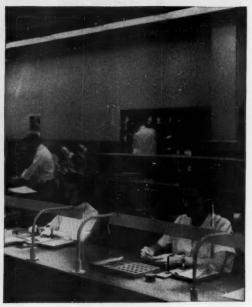
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helicopter to fly in reduced visibility, to maneuver automatically on take-offs

low weather ceilings.

and landings and to make automatically stabilized instrument landings through





Which kind of lighting costs you less?

THE lighting at the left may look cheaper but it isn't. It doesn't give workers enough light for efficient seeing and it creates glare. Workers suffer eye strain and fatigue. The result is costly—in errors, lower worker efficiency, lagging production.

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billetin, "Planned Lighting for Industry", write General Electric, Lamp Department, Div. 166-BW-5, Nela Park, Cleveland 12, Ohio.



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GENERAL (ELECTRIC

Mobilization Fight: Congress vs. Truman

- More is involved in the MacArthur controversy than appears at first glance.
- It has stirred up long-smoldering doubts about all the Administration's policies—domestic as well as foreign.
- · Congress won't just argue about Manchuria and Formosa.
- It'll take a sceptical look at Truman's request for new mobilization powers—may cut back some he has now.

The MacArthur furor marks the end of the first phase of the Korean conflict. By the same token, it ends the first phase of the Administration's rearmament program.

The storm now raging around Truman's head has been gathering a long time. MacArthur's bold attack on Truman's military and foreign policies also brought to the surface deep doubts—in Congress and across the country—about the whole home-front mobilization and the way Truman is running it.

MacArthur begins his testimony this week before the joint hearing of the Senate Armed Services and Foreign Relations committees. It'll be sensational, but what Congress is really digging for is an answer to the basic question at the bottom of all the controversies:

"Where do we go from here?"
This is a simple-sounding question, but it is immensely complicated by political maneuvering. Capture—or retention—of the White House next year is at stake, and voting on preliminary questions so far has been mostly on party lines.

I. Questions Without Answers

Out of all this confusion Congress will shape the way the Administration meets the bundle of issues scrambled together in the limited war and the limited mobilization.

War or peaco? Does "MacArthur's policy" risk starting World War III? Would it be better to risk it now, instead of later? Has World War III already started? Should we—or can we—live with one or more "limited wars," in the hope of eventually avoiding a general war? Is it futile, wishful thinking to talk of somo agreement with the Russians?

What kind of draft or UMT? House-Senate conferces have postponed further attempts to agree on final provisions of the Selective Service-Universal Military Training bills passed by each house. They'll wait to see what comes out of the MacArthur hearings.

How much military spending? This week's request for \$60-billion for the military for fiscal 1952 (page 136) brings next year's proposed budget close to the figures Truman fixed in his January message. Regardless of anything, Congress will pass the military's \$60-billion intact. But already the Pentagon is planning supplemental requests, which may boost the total to \$80-billion.

How much taxes? The House Ways & Means Committee is still working on its tax bill. Right now, it seems likely to increase taxes by \$5.5-billion to \$7-billion-more from corporate and personal incomes, and some extra excises. The tax writers have figures to show they may come close to balancing next year's budget with that much new revenue. That's a lot less than the \$16-billion Truman asked or even the \$10-billion "first instalment" the Administration now talks about.

How much business control? Next week the Senate's Banking & Currency Committee begins considering what to do about the Defense Production Act of 1950—the basic authority for the whole controls program; the present act expires June 30. Last week the President sent Congress a batch of amendments to the act that he'd like to have passed

II. Battle Over Controls

The Administration wants to broaden its powers all along the line. It wants to eliminate restrictions written into

the act last fall; it wants new authority over production and prices. The one exception: No additional powers are sought by the Administration over labor or wages.

But Congress is going to take a long, hard look at Truman's new proposals and also at the present law itself. Just looking will take the committee into June; so people are already guessing that Congress may have to put through a temporary extension of the present law.

 Highly Charged—There's controversy over almost every proposal—and among them are such highly charged items as the farmer's parity price, consumer subsidies, and rent controls over housing and business establishments.

Here's a rundown on the proposals Wilson will be quizzed on when he goes to the Hill next week:

Parity prices. Truman has asked for authority to peg the parity price of farm commodities at the beginning of the marketing season—instead of letting it fluctuate monthly with the price of things farmers buy. The farm bloc may not hold solidly against this; it may stand a chance. Most farm congressmen figure Secretary of Agriculture Brannan won the important battle for them at the White House by keeping out of Truman's message any recommendation to freeze parity prices at present levels; this would make a big difference because the fluctuating level of parity is the lowest price at which a ceiling is legal.

Subsidies. Truman says he's asking for "limited subsidies," but the text of the bills submitted reveals no limitations on the amount, method of payment, or terms and conditions. Subsidies are authorized generally to any "high cost" sources of any material—which would include marginal producers of metals, ores, etc. The bill would also specifically authorize subsidies to processors of agricultural commodities. The farm bloc is against this kind of subsidy—although farm congressmen won't fight against subsidies the way they fight for parity.

Licensing businessmen. Truman wants specific authority to issue licenses—and a procedure for revoking them—as a method of enforcing price control orders. DiSalle's office already licenses slaughterers, but these regulations are

based on the broad allocation and priority authority in the 1950 law. The amendments would specifically author-

ize this procedure.

Acquiring property. The President would get authority to condemn property, in addition to the present authority to buy it. Also, the amendment provides for immediate possession and use of the property prior to acquisition of legal title.

Procurement of scarce materials. Present law authorizes government to purchase "raw materials." Congress is asked to authorize procurement of any scarce material or item. That could be used to cover almost anything from industrial diamonds to machines and

equipment.

Government corporations. The 1950 law authorizes creation of emergency agencies, but specifically bans authority to create corporations to carry on stockpiling, purchasing of scarce materials, and the like-operations similar to those that are now being carried on by the Reconstruction Finance Corp. and by the General Services Administration

Price control on utilities. Mobilizers now have authority to intervene in utility rate cases only when they involve sales to the public. President Truman proposes to obtain for mobilizers the same authority to appear before rate-making commissions when a utility -for example, a gas pipeline-sells to another utility that is the distributor of the gas.

Rent control. This is the full broad authority to reimpose rent ceilings on housing, plus the much-discussed pro-posal to bring commercial rents in

under the ceiling.

Consultation on price orders. Law now requires DiSalle to consult with "representatives of persons substanti-ally affected. . ." by price orders and regulations. Amendments would add the phrase, "including representatives of businessmen, farmers, workers, and consumers."

Control of commodity speculation. This is another try at the Dept. of Agriculture's hardy perennial, authority to fix margins on and regulate the commodity exchanges. This one is out,

for sure.

Penalties on violations of price orders. The President may rule out over-ceiling payments as costs for figuring tax liabilities or as cost in military contracts. Also, the amendments would remove the overcharge-plus-\$10,000 limit on the amount a buyer may recover from a seller who originally charged him over-ceiling prices. That would make it possible, then, for the buyer to recover three times the amount of the overcharge, with no ceiling on the total amount that the court could award him.

Dead: Aged 119

M. Werk Co., soap maker, being liquidated. Syndicate's attempt to salvage it via defense contracts failed.

The march of science, too little capital, and the defense emergency have finally ganged up to put the M. Werk Co. out of business. It took a long time; Cincinnati's senior soap company was 119 years old when it died.

The decision to liquidate the company was made by a group of industrial investors who bought control for \$1.2million three months ago. It's expected that the four-story plant will be put up for sale soon. About 130 workers are

being hit by the closing.

• Candle Maker—Werk was founded in 1832, five years before its giant competitor, Procter & Gamble, also located in the Cincinnati suburb of St. Bernard. Both firms started as candle makers, then shifted to soap. Werk did best with its "tag soap" (a little metal tag was attached to the cake, could be turned in for premiums).

Werk Cook, now president, says the tag soap still sells well, did better in 1950 than in 1949. One report says the tag division will be sold as a going concern. Werk produced both bar and bulk soap, glycerine, and stearic acid.

Decline of the Werk company set in during the 1920's, after it gave up on a brief flurry of aggressive selling. Real trouble followed with the advent of



New British Luxury Liner . . .



And U.S. Rival Go to Sea

Things are popping in the shipping business. Last week the new British cruise ship Ocean Monarch (top) paid her first visit to New York. The 14,000-ton vessel will go into cruise service. The Constitution (lower), latest U.S. liner, is shown nosing her way through the Fore River bridge for a trial run in Massachusetts Bay. The ship -a 26,000-tonner-can carry 1,000 passengers, or 5,000 troops if remodeled.

synthetic detergents. Werk didn't have enough capital to start manufacturing detergents, but did try buying and re-

selling them.

• Syndicate-Business was just poking along three months ago, when the descendants of the original Michael Werk sold their controlling interest to the present syndicate. This group hoped to recoup their investment by getting chemical contracts for defense. That fell through. Raymond Kunkel, attorney for the syndicate, says they "were unable to get the necessary ma-

Other sources report the company had hoped to make napalm bombs, but that the metals shortage made it impossible for them to get manufacturing equipment. The syndicate then gave

Members of the purchasing group were listed as Louis Goldsmith, Edward E. Stokes, Theodore Warschauer, and Joseph Karp. Goldsmith, Karp, and Warschauer are connected with Harris, Karp, Goldsmith & Co., investors in industrial properties. Stokes, formerly head of the Sebastian Lathe Co. in Covington, Ky., is an official of Cincinnati Raceways, which operates a midget auto racing track in nearby Evendale.

Members of the group, with other associates, have recently acquired control of the \$2.5-million Ralston Steel Car Co. and the Dayton (Ohio) Mfg. Co., maker of box-car fittings and other

metal items.

DPA Authorizes 98 More Fast Writeoffs

Last week the Defense Production Administration authorized an additional 98 accelerated tax amortization certificates for additional defense facilities-to cost more than an estimated \$215million. The certificates were issued between Apr. 14 and Apr. 26.
This current list brings up to 1,013

the total of rapid tax writeoffs that DPA has authorized. Total amount eligible for amortization on these facili-

ties is nearly \$4.8-billion.

Aluminum Ore Co., Bauxite, Ark. (a subsidiary of Ahuminum Co. of America) got the biggest slice in the new authorizations-\$53.9-million, representing an 80% certification. Pennsylvania Railroad Co. was second, drawing \$49.3-million (80%) amortization. Buckeye Cotton Oil Co., Chemical Pulp Division, Perry, Fla., got \$21.5million-a 65% writeoff.

The percentage authorized for actual amortization varies according to the type of facility and is determined after a close study of each case. Present aver-

age is 69.5%.

Meat Controls Test DiSalle

Fate of whole price program hangs on new beef and cattle ceilings. If he can force a rollback without curtailing supply, it will take some of the heat off other goods. He has a 50-50 chance.

Price Stabilizer DiSalle ordered spe-cific ceilings on cattle and beef this week and thereby put his entire price control program to its toughest test yet.

· Focus on Meat-Meat is the biggest item in the consumer's budget-not in dollars and cents, perhaps, but psychologically. Its cost is the worker's own gauge of his standard of living.

If DiSalle can roll back beef priceswithout choking off the supply-he will have eliminated a lot of the pressure for higher wages. That, in turn, will take some of the heat off the prices of raw materials and manufactured goods.

But, if he fails to hold the line on beef, the wage-price spiral is sure to continue to climb, unchecked.

· Political Threat-Right now, the Office of Price Stabilization has an even-money chance of keeping an effective rein on beef prices. The livestock and feed situation is such that, with luck, shipments to packers over the next few months will stay steady or even increase. The biggest threat is political: Cattlemen will put pressure on their congressmen and the Administration to get OPS to ease up.

• Five Rules-The beef regulations are the toughest OPS has put out yet.

They require:

(1) An immediate rollback of 10% in the prices producers can charge packers for livestock. The ceiling for choice-grade steers is now \$34.20 a hundredweight-roughly the price prevailing on Feb. 1. Wholesalers and retailers get no benefits from this; the purpose is to restore packers' profit

(2) Additional rollbacks of 41% each-to go into effect on Aug. 1 and Oct. 1. On these, the consumer would

be the chief beneficiary.

(3) A current ceiling price of \$54.20 a hundredweight for choice dressed beef at Omaha and Denver, with differentials for other grades and other places. In August and October, these ceilings will be revised.

(4) A ceiling price of \$1.30 a lb. for porterhouse steak when sold by small independents located on the East Coast. Other cuts vary in price, and different-size stores in different areas have their own ceilings, too.

(5) All packers and slaughterers to grade their beef according to Agricul-

ture Dept. standards.

Some 25,000 packers, slaughterers, and wholesalers, plus 300,000 retailers are covered. Livestock as sold by breeder

to feeder still remains uncontrolled. Also exempt are veal, mutton, pork, and lamb. (A pork order is ready, but won't be released so long as hog prices stay close to parity.)

· Producer Hit-Obviously, the ranchers and finishers are the hardest hit. They are the ones who profited most by the sharp increase in demand that set in at Korea, and their prices are the key to holding the line. They are also the ones who smashed the old Office of Price Administration back in 1946, simply by withholding animals from the market.

So far the producers haven't been bawling so loudly as the cotton people did back in March when they got the ceiling treatment. For one thing, they knew the 10% rollback was coming and knew it wasn't too far out of line. For another, they are not yet ready to sell high-cost feeders in any quantities; so they aren't faced with any immediate

But at midsummer, they face a problem: Should they sell to packers before the August date and thus avoid the first 41% rollback? Or should they hold off, keep their stock, and wait until the screams of meat-hungry consumers force OPS to come to terms?

• A Breather-DiSalle's people don't think the farmers will strike. According to their information, feeders have large numbers of animals in the lots, with a lot of grain in them, a lot of meat on them. Holding off would mean wasting costly feed. So OPS expects a heavier than normal run of cattle to market during the summer

One result will be a break in prices on the hoof at wholesale and at retail. Another: an end to the black marketing that has been worrying OPS. Together, these factors will give DiSalle a breather in which to sell the order to Congress

and the producers.

· Strike in the Fall?-But there's a feeling in the industry and at the Agriculture Dept. that a midsummer break will only defer the trouble to the fall. With no more rollbacks in sight, the farmer won't be gambling much by putting his cattle on the range. Then he can sit and wait.

Maybe he will. But the result may not be the same as in 1946. Then, with the war over and people tired of re-straints, OPA could easily be toppled. Now the public is still in favor of action

to control prices.



WAR At Woolworth's, stock figurines resembling MacArthur stand with Iwo Jimans. Stores unloaded slow-selling "Mac" inventory of pre-Korea make.



Not since the Wilkie-Roosevelt campaign has there been such a hullabaloo. This time it's a homecoming, and the nation is gorging itself on MacArthur doodyds

In New York, pitchmen sweated out the button, balloon, and pennant trade. Most stores dusted off old MacArthur inventory made during the war and the 1948 presidential campaign. Plummer, Ltd., on Fifth Ave. sold out 3,000 imported toby jugs. Dime stores peddled stock toy soldiers with the MacArthur look. Gimbels advertised coins and stamps commemorating the Philippine liberation. For the smokers, Wally

Frank, Ltd., had \$1.00 and 25¢ corncob pipes of MacArthur vintage. Rudolph Field, who last November set "General MacArthur—A Pictorial Biography" for April release, sold 14,000 copies in two weeks.

The race for title rights to "Old Soldiers Never Die" was won by 20th Century-Fox; Columbia and Metro as runners-up can use variants. Gene Autry waxed the song for Columbia, Red Foley ("One of our Western artists") for Decca, and Vaughn Monroe for Victor. Major record companies dubbed MacArthur's speech; Rand McNally quickly published a 50¢ text.



FANCY Expensive "Mac" toby jug joins Montgomery, Churchill at Plummer's.



SPEECH Macy's sold 2,000 records of speech Capitol in price. Rand McNally is



SWAN SONG Remick Music Corp., Die," sold out stock of

BUSINESS WEEK . May 5, 1951

NOVELTY ECORATIVE PITCHERS 39°

PLAIN Cheaper jug at dime store looks less like MacArthur, but sold well.



the first day, undercut Columbia, Victor, and selling 50¢ text.



owner of solo arrangement to "Old Soldiers Never 2,000 in one day, is readying 100,000 more.

Trouble in Machine Tools

Half the industry is refusing to book new orders until price regulation is revamped. Builders want help on manpower, materials, finances. Pool program bogs down.

By the end of 1951, the government's goal is to have the machine tool industry clicking along at an output of \$1-billion a year. In eight months, production is to double over present levels.

There are people who think the goal will be met. But if you judge by the talk of industry leaders, in Chicago this week for the spring meeting of the National Machine Tool Builders Assn., it's impossible. Seldom has the industry had a longer list of problems.

• What's Behind It—Most of the trouble started with Korea. Machine tool builders were just recovering nicely from the long postwar slump when orders began to skyrocket. Most of this business, though, was for civilian plants. As late as November, the amount of DO (rated) work was slim—perhaps not more than 5% to 10%.

As materials tightened up, builders found it harder and harder to lay aside reserve supplies. They asked Washington to do something that would help them get the materials they would need when the flood of DO contracts bit.

Washington, however, held off. Late in January-after the DO flood had started—it did set up the machine tool reserve pool (BW—Jan.27'51,p30). The aim of the pool was to give manufacturers orders for general-purpose machine tools that would carry a priority claim to supplies. When a tool was finished, it would be allocated to whatever industry needed it most. Tool manufacturers would be kept working on the pooled orders until military requirements were broken down in detail.

• Too Late-But by the time the first pool orders went out, the industry had more DO business than it could handle. Since there was no cash advance on pool orders, most companies treated them coolly. The main advantage of the pool orders now is that they act as a guarantee for production. Should the bottom drop out of the market, pool order machines in the process of being built would be paid for, in part, by the government.

Meanwhile, the pool itself fizzled. Originally, it was to place a total of \$430-million in contracts. A revolving flund was to be set up. But the Government Accounting Office ruled that General Services Administration, the financing agency, could commit only the actual dollars it had in the kitty. GSA had only \$100-million; the last

of its money was used up this month.

• Backlog—Since January, the backlog of machine tool orders has been climbing sharply as materials continue tight and manpower scarce. Estimates today are that it runs from 18 months to two years.

With the tremendous volume of business on their books, the builders have had to tie up a great deal of cash in stocks and inventory. Virtually every company in the Cleveland area complains of a shortage of funds-both for operations and expansion. Some firms are asking 25% down on new orders. Price Trouble-More than anything else, though, machine tool builders have been bothered by the price situation. The Jan. 25 price edict set the ceiling for machine tools at the delivery price between Dec. 19 and Jan. 25. But because of the long building time needed on machines, some of the models delivered during the period were price-quoted as far back as 1949, and many were based on 1947-1949 price lists. So the ceiling acted, in many cases, as a rollback of from three months to three years.

As a result of the freeze order, half or more of the industry this week is refusing to book new orders until the price order is changed. The pileup of unaccepted orders is estimated roughly at \$250-million.

• Relief?—There's no way of knowing now how much the new price order will change things. The machinery order, out this week (page 144), covers machine tools, but they will come under a separate regulation later on.

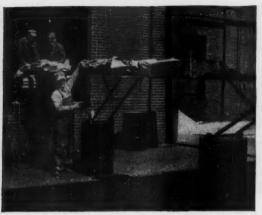
From what the builders hear of the draft of their own order, they are a little happier about it now than they were a month ago. However, they still fear the basic idea. Like this week's order, their regulation is almost certain to call for a rollback—a pre-Korea base, plus increased labor and materials costs. This is something the industry believes will result in an obsolete cost-price ratio.

Although some other cost increases will be permitted over the base, others won't. As yot there is nothing to indicate that builders will be allowed to pass on added costs for clerical help and for multiple-shift operations.

Subcontracting expense—which may add 25% to 100% to machine costs—however, looks likely to be allowed. So do premium shift pay and product engineering costs.



Foods, Inc., at Clinton, Iowa, last week. But it kept operating.



CONVEYOR line built for the emergency carried products from the plant over water to freight cars also wheel-deep in flood.



FLOOD WATERS covered most of the 42-acre plant of Clinton STEAM replaced diesel locomotives on Chicago & North Western spur into plant. Wiring on diesels would short when wet.

ant Fights It Out With Mississippi

Two weeks ago, government engineers warned businessmen and city officials at Clinton, Iowa, that the Mississippi River would flood them with the highest waters in history. They predicted a 20-ft. to 21-ft. stage at Clinton.

Five days later, the river broke its bank and soon rose past the old record stage of 20.67 ft. Clinton was nearly paralyzed. Half of the 8,000 homes had flooded basements or worse; 400 lost electric power. And up and down the west bank, one plant after another cut back work or closed entirely.

One notable exception was Clinton's largest plant, the Corn Processing Division of Clinton Foods, Inc.

plant, on the very edge of the river, was under up to 5 ft. of water. Yet not once during the flood did it drop below normal production, and none of its 1,500 employees was laid off.

Clinton Foods had learned costly lessons from floods before. Noah-like, it took government engineers at their word this time. In the five days of grace it had before the waters came, the company went all-out to protect production.

First, it turned surveyors loose to find out just where the predicted water level would reach on buildings and railroad tracks. Then it assigned 300 workers to a flood-proofing job and hired extra help from as far away as Quincy, Ill. Company officials and workers toiled long after dark. They sealed all first-floor doorways and windows with brick, coated exposed electrical conduits with tar, erected 45 wooden catwalks leading from one building to another, installed 200 water pumps, and laid in a large supply of hip boots.

One of the crucial points in the battle was the corn elevator unloading pit. If water got in there, it would have choked off the raw material supply and forced the entire plant to shut down operations.

This was prevented by throwing a cement-block wall backed with sand bags around the vulnerable area. There



BRICKLAYERS worked fast to seal all first-floor doorways and windows.



PUMP was installed to hoist industrial sewage above the new level of the river.

-and Wins

was some leakage, but pumping kept it from doing much harm.

Fortunately for Clinton Foods, its most-used rail line—the Chicago & North Western—was clear during the flood. And though its spur line into the plant was under about a foot of water, freight cars could be shunted around. The company managed to load a daily average of 50 cars, a normal volume, even at the height of the flood.

Clinton Foods is also helping employees who have personal flood problems. It bought extra pumps just to loan to employees, and, as soon as the river drops low enough to free some of the pumps in the plant, it will truck these to homes that need them.

How Much More Electricity?

Just before he left as DPA boss, Harrison was planning to cut back power expansion. Now Gibson will have to decide. But already, work is behind schedule, and a 1952 shortage looms.

How far and how fast should electric power be expanded? That's one of the problems facing Defense Production Administration's new boss, Edwin T. Gibson. He inherited it this week when he replaced W. H. Harrison as top man at DPA.

Gibson's power problem, really, is only one facet of the more fundamental dispute: Should we expand all industry or just war industry? But it's basic, treads on many toes.

Harrison didn't cut the three-year, 23-million-kilowatt power expansion program. But it was plain in Washington he would have sooner or later.

• How Tough?—Gibson's accession doesn't mean that it won't be cut. It just means that it may not be. Basically, it's a question of how tough you want to get in rearmament. From Harrison's point of view, power in plenty already exists for defense loads; it's being used for nondefense loads.

It's silly, under this reasoning, to spend on more power the tremendous tonnage of steel, copper, and aluminum, the huge plant space, and the highly skilled manpower that modern power systems chew up through expansion. All you have to do is to serve defense loads first and let civilians and nonessential industry live on what's left. "People can burn candles," Harrison is reported to have said.

Part of the way, experience backs him up. Early in World War II, the power expansion program was cut almost in half.

• Reserves—But World War II followed a depression that had piled up heavy reserves of generating capacity. Those reserves just weren't there when Korea broke. In addition, World War II was timed nicely to use advances in the electrical art that let one turbine do the work of two, through interconnection of utility systems. What was a bonus then is standard practice now.

Most significant, World War II made it national policy that we'd produce no more automobiles or other consumer durables. That freed lots of generating capacity for war work. There just isn't any similar offset this time.

 Profitless Brownouts—World War II yielded some experience with nonindustrial load curtailment. The "brownout" of signs, show windows, marquees, and the like yielded savings of only a fraction of 1%. And such nonemergency curtailment of residential consumption as people can be talked into yielded no more. Thus the only appreciable, continuing curtailment has been that affecting nonessential civilian industry.

• Durables—That poses still another problem. Curtailment of consumer durables wouldn't yield much saving in areas where there isn't much consumer durable load. Example: the Pacific Northwest, where power has been and will be shortest for the longest.

I. Expansion Delayed Now

Entirely aside from the Harrison philosophy, power supply men already are uneasy about delays in the existing program. Obviously, their calculations are based on estimates of load growth. Right now, load estimates are substantially higher than they were a month or two back—when they were already above normal. That in itself makes power men wonder why anyone would want to cut the expansion program.

Even more troublesome: The 1952 and 1953 turbine-generators, now in manufacturers' shops, are falling behind schedule. The delays can never be made up.

• Atomic Upset—The steam-turbine order boards were full, with a thin margin of safety, several months ago. Then the Atomic Energy Commission threw in an immense new program. To meet its requirements, TVA will install four 160,000-kw. machines near Paducah. And a joint utility group will install four more across the Ohio River.

Those eight units, as large as any ever built, went into the manufacturers' schedules without displacing existing orders. As a result, steam-turbine order boards no longer have any margin.

• Turbines-Here's how turbine-generator schedules stand now:

1951 machines should be on schedule through July, then slip slowly, ending the year three of four weeks late. This will affect 500,000 kw. to 750,000 kw. due next December.

Already, 1952's power supply looks shorter than any year did in World War II. And machines for 1952 delivery will start that year three to four weeks late, will slip two to two and one half months behind by the end of the year. About 25% of 1952's new units won't operate before 1953.

The 1952 machines will be two and one half to three months late by the end of that year. Up till now 1953 power supply had looked safe every-

where but the Pacific Northwest. It no

longer does.

• Tough Timing-The serious part of these predictions lies in the nature of power demand. Most systems experience their heaviest loads just before Christmas. It hurts bad when a system has to take its November unit in February. And traditionally, more new equipment goes on the line in the last quarter than at any other time.

• Shortages-The problem arose some months back when steel and copper became scarce overnight. In the absence of federally scheduled output, electrical manufacturers applied production cuts pro rata, hitting heavy power equipment

as hard as appliances.

A month or two ago, enough power was allotted for what equipment people describe as "hand-to-mouth" operation. But the chance to make up the slippage was gone.

Now a sick machinist, a burned-out lathe, an inspector's rejection will set

back the whole schedule.

Politically, Harrison's power-cutback philosophy has produced some strange lineups. Interior Secretary Oscar Chapman, who has jurisdiction over power through Defense Electric Power Administration had lined up with those who would expand vital industry only. This showed up in his position on accelerated amortization for power facili-ties (BW-Apr.28'51,p140). But as Interior Secretary, he has a lot of new federal power capacity at stake, if Harrison's cutback philosophy prevails.

Gas Scare

After 18 deaths in 16 months from gas refrigerators, New York starts check of all gas appliances.

The death of a New York City woman through carbon monoxide poisoning touched off two major developments last week. The incident spurred the city's health department to make a large-scale survey of gas-burning ap-pliances in Manhattan. And it brought to light a long-smouldering feud between industry groups.

The woman was Mrs. Florence Kopp, a resident of Manhattan's London Terrace apartments. The cause of her death: a faulty gas refrigerator. Hers was the eighteenth death attributed to gas refrigerators in the city in a period

of 16 months.

· Trouble Spot-Her death highlighted a salient fact: Manhattan is the nation's No. 1 trouble spot where gas refrigerators are concerned. The city's 18 deaths involving gas refrigerators since Christmas of 1949 resulted from 11 separate incidents, eight in Manhattan. Elsewhere there has been little trouble.

Servel, the manufacturer of the refrigerators involved, says, "Company records indicate almost no trouble elsewhere, with only two other incidents in the entire country. Both of these

were the result of human failure in no way connected with a breakdown of

regular servicing."
• Manufacturers' View-The Cas Appliance Manufacturers Assn. points a finger of blame in several directions: "The trouble stems from improper servicing, inadequate gas piping, failure of users to recognize the need for service, failure of property owners to have piping conform with Building Dept. regulations, and failure of the utility company that supplies the fuel to assume any responsibility."

Consolidated Edison, it points out, gave up free servicing of all appliancesgas and electric-about 10 years ago. This was at the time that Con Ed got out of the appliance sales business

GAMA insists that it is a utility's responsibility to give service as a part of its rate structure, that only a utility can enforce servicing of a proper standard. GAMA says Con Ed, to the best of its knowledge, is the only utility not giving

· Servel Action-Servel says that since the first of this year it has spent more than \$100,000 in a training and public relations program in the New York City area. It has opened a school for repair men, has sent letters to owners and users of the 275,000 Servel refrigerators in the city warning them to have their boxes serviced properly. It is removing Adams Engineering Co .which handled the service for London Terrace refrigerators-from its list of

authorized repair firms.

The city Dept. of Health says that "improper servicing is responsible for the condition of the equipment which caused this death. The equipment in this case was about 20 years old."

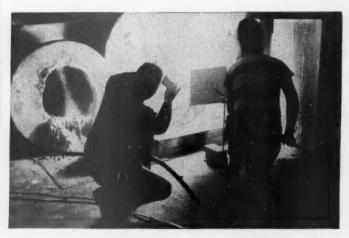
Out of 100 refrigerators inspected at London Terrace after the episode, the department shut off 61 because they were in "dangerous condition."

• Utility View-Con Ed rejects the

thesis that its responsibility extends to the appliance itself. Its job, it says, is "to produce standard quality gas and bring it up to the customer's doorstep."

· City Action-Without waiting for the question of responsibility to be settled, the Dept. of Health has started a vigorous program of its own to prevent further trouble. It has turned 50 inspectors loose in the "critical area" on Man-hattan's West Side. They are inspecting all gas appliances. In their first day they checked 136 apartments in 67 buildings, found 64 defective gas ranges, 2 defective gas refrigerators, one defective gas heater.

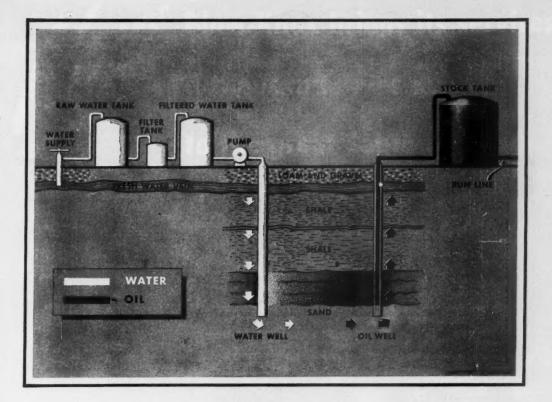
Meanwhile, an official report to the mayor pointed out that gas refrigerators aren't the only offenders. In an eight-month period last year, the police had 12,227 emergency calls on refrigerators of all types—only 3% of which were for gas refrigerators.



Aluminum Cutting Torch Burns With Sun's Heat

The blinding light in the picture above comes from a cutting torch that burns hot as the sun-literally. Combustion of powdered aluminum in oxygen gives the terrific heat that has been measured at 5,500 degrees F. That was enough to chew the

concrete drum (left) in a matter of seconds; it would take a gas torch hours to cut the same hole. The new torch is an offshoot of study on high temperatures being conducted by the Research Institute of Temple University for the Office of Naval Research.



THROUGH SINCLAIR RESEARCH-

Oil Wells Come Back to Life!

Oil wells that have reached their economic producing limits, come back to life again through new techniques which Sinclair research has helped develop. There is oil at the bottom of many such wells but, until recent years, it remained "unrecoverable" when natural underground pressure gave out.

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DENVER LOS ANGELES SAN FRANCISCO SEATTLE TORONTO MEXICO, D.F.



BUSINESS BRIEFS

The auto price freeze was extended indefinitely. Original ceilings were set as of Dec. 1; on Mar. 1 manufacturers got a 3½% boost. DiSalle's office said the present price level would be held until standards are worked out under ESA's new earnings formula.

A limit on executive pay will be asked for at General Motor's stockholders meeting. The proposed ceiling: \$200,000 a year, to include salaries and bonuses. Last year 10 directors topped the \$200,000 mark.

A radio rate cut by National Broadcasting Co. looks likely within the next 10 days. Columbia has already announced a slash of 10% to 15%, effective July 1 (BW-Apr.28'51,p8+).

A big block of radio time was bought by RCA Victor Division from NBC. Involved are seven half-hour night spots over the full network each week. RCA called it "a reflection of . . . continued faith in the future . . . of radio advertising."

Large-screen TV equipment was ordered for 22 theaters by United Paramount Theaters, Inc. Most of the houses are in the midwest; they'll bring the total of TV-equipped Paramount theaters to 27.

Output of the J-65 jet engine will mean new plants for Buick and Allis-Chalmers. Buick, which will handle final assembly operations under contract with Curtiss-Wright, will build on a 260-acre tract near Chicago. Allis-Chalmers will put up a \$5-million-plus plant at Terre Haute to make compressors for the aircraft.

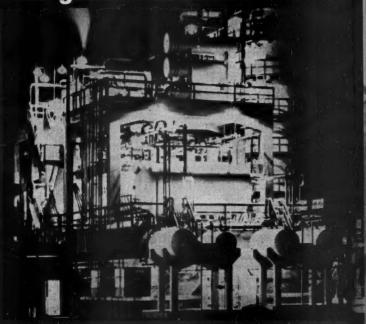
GM will build a huge aluminum-castings plant at Jones Mill, Ark., for its Fabricast Division. The plant will employ more than 1,000, will adjoin the aluminum ingot works of Reynolds Metals.

A price guarantee was given to wholesalers and dealers by Nesco, Inc. (housewares, appliances, stoves, and heaters). If a rollback results from OPS' new manufacturers' price order, Nesco will give the benefit of it to dealers on any goods shipped during the 60 days after Apr. 20.

New TV price cuts (page 86) were posted by Emerson. It shaved \$15 to \$145 off the price of all receivers, but limited the reduction to 60 days. Meanwhile, RCA said it would make no price changes before Aug. 1.



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Pewee Case: Plant Seizure Jeopardized

- Supreme Court says coal mine should be repaid for losses due to WLB ruling during government operation.
- And four justices seem to feel U.S. is also liable for all operating deficits incurred under its "management."
- So seizure may become an infinitely costly method of keeping production going in time of strikes.
- But decision might also mean that government could keep any profits—making seizure a drastic business.

The Pewee Coal Co., a small Tennessee mining operation now defunct, may prove to be the biggest problem Washington will face in keeping strikes from impeding the mobilization program.

• Significant—At any time, the High Court's ruling on the questions involved in Pewee's suit against the government would have been worth study. At this particular time—when a new Wage Stabilization Board is about to try its hand at settling labor disputes (page 34)—the ruling has very great

For the court's decision in the Pewee case sheds an entirely new light on government seizure of struck or strikethreatened property. And in the final analysis, the only effective device the government has had for ending work stoppages has been to take over the

property.

• Coal Strike-Here are the facts in the

In 1943 the War Labor Board adjudicated an industrywide dispute between the coal operators and the United Mine Workers. It awarded the miners an increased vacation allowance and refunds of charges made on them for lamp rentals. The operators showed reluctance to put the award into effect; and miners, claiming they were bilked, walked out. The government then seized the mine properties.

Among the properties seized were Pewee's modest diggings in Tennessee. As in all the other wartime seizures, the Interior Dept. left private management to do the managing, left profits to accrue to stockholders and owners.

 WLB Ruling—But in the 1942 mine seizure case, the Interior did implement a Presidential directive ordering into effect the WLB ruling on vacation allowances and lamp rentals. The cost of these increased labor charges for Pewee employees during the six months of federal operation came to \$2,241.26.

Quite incidentally, a roof collapsed in the Pewee pits while the flag flew over the property. This sharply reduced coal production, so that, in the six months the Interior ran it, Pewee showed an operating loss of \$36,128.96.

Pewee filed a case in the Court of Claims asking reimbursement.

Last year, in a little-noted decision, the Court of Claims held Pewee was entitled to \$2,241.26. The government quickly appealed.

quickly appealed.

• Upheld—This week, by a 5-4 vote, the Supreme Court upheld the Court of Claims award. Had the larger question of whether Pewee was entitled to the whole six-month loss of \$36,128.96 been before the court, the ruling might have gone still further.

• Vast Sums—From the government's point of view, Pewee is peanuts, but vast sums are involved in the question of law it raises. Thousands of other coal operators may now file claims. Railroads have been seized, and labor costs have been added to their payrolls during the seizure. Shipyards were taken over in the last war.

One case alone now before the Court of Claims is estimated to be worth \$10-million. It involves a small item (\$4,-964.68) asked by Wheelock Bros., a Kansas City trucking firm. In 1944 the government seized Wheelock along with 102 other midwest truckers and put into effect a WLB-directed 7¢-an-hour raise. If Wheelock wins, the others will almost automatically collect.

 Cost of Seizune—But even more than the large sums of money are at stake. If the government must pay the cost of putting into effect a board order after it has seized a property, seizure becomes an expensive device for subsidizing labor costs.

Yet that is exactly what the Supreme Court seems to have made it in its Pewee decision. This is how the court reasoned:

 All nine justices agreed that the nominal seizure was a legal taking of possession by the government.

• Four of the justices said Pewee didn't have a legitimate claim. They reasoned that nothing of "compensable value" had been taken from the company by the government. They said that there was no showing that Pewee could have continued to operate its mines itself if tidd not make the concessions offered by the government.

• Four other justices, in an opinion written by Justice Black, held that "the U.S. normally is entitled to the profits from and must bear the losses of business operations which it conducts." Black said it makes no difference that the loss stemmed from compliance with a WLB order or that Pewee might have suffered greater losses (because of a strike) if seizure did not occur.

Constitutional lawyers think that the four justices for whom Black wrote seemed to be saying that if Pewee had asked for \$36,128.96 they would have

awarded it.

But it took one more vote to make the majority of five that sustained the Pewee claim for \$2,241.26.

This vote was provided by Justice Reed in a separate concurring opinion. Reed rejected the idea that government should bear "all" operating losses. But he went along in giving Pewee back the cost of WLB's award.

• Larger Question—Thus the law stands today that the government is liable for losses (and maybe even for the diminution of income) that result from making cost changes while it is in possession of any property. A question still to be decided is whether all operating losses must be borne by the government.

At first reaction to the Pewee ruling, Wage Stabilization Board quarters were disturbed.

• Who Gets Profits?—Second reactions to the Pewee ruling were much less negative, however. It was noted that in the nominal seizures of the past the government carefully husbanded profits made while it was in possession and returned them to the owners. The other side of the Pewee coin seems to license the government's keeping these profits.

Should the government choose to interpret the Pewee case that way, seizure may in the future be a much more drastic weapon for getting compliance with government orders than it has in the past.

Textile Tension

CIO fears that defeat in southern mill strike would end its long-deferred hopes of organizing the whole area.

More is now involved in CIO's month-old strike against southern cotton-rayon mills than mere textile wages. The future of labor's ill-starred "Operation Dixie" is at stake, too, labor leaders believe. They're afraid that unless the Textile Workers Union of America (CIO) wins major concessions southern organizing work will get a new setback. • Ups and Downs-CIO's southern drive started in 1946 with a lot of fanfare, a substantial organizing fund, and high hopes. But after some quick, mostly small victories in pushover plants, "Operation Dixie" bogged down. For three years, union manpower and funds were used lavishly. But the drive didn't get rolling again.

Late last year, CIO noted that its campaign was showing signs of new life. After making sure the trend was real, it advised members recently that "the southern drive is getting under way again"—108 representation polls have been won since mid-1950, 78 petitions for elections are pending before the National Labor Relations Board, and CIO is making "organizing progress" at 165 other southern plants.

165 other southern plants.
CIO's rosier outlook was short-lived.
The flareup in textile mills threatens to spoil the whole Divis drive.

to spoil the whole Dixie drive.

• TWUA Asks 13¢—The Textile Workers Union of America (CIO) demanded a 13¢ hourly raise (to a \$1.14½ minimum) and pension, holiday, insurance, and other contract benefits. Employers balked. They said 13¢ would break through the legal ceiling on raises—since TWUA had got an 8¢ hourly increase (about 8%) last year. Moreover, the mills said, price uncertainties make it "impossible for us to commit ourselves to higher wages."

They offered an immediate 2% raise and another 4% when and if the Wage Stabilization Board approves over-the-ceiling rates. TWUA said it was willing to submit the dispute to WSB—but not with a 6¢ limit on the raise. Bargaining deadlocked. So TWUA called 42,000 workers off jobs in 50 mills on April 2. But 50,000 members, whose contracts weren't open on wages, kept working.

The dispute brought into sharp conflict two men important in the national wage-policy conflict: Emil Rieve, president of TWUA and a labor member who walked off the old WSB, and William H. Ruffin, president of the National Assn. of Manufacturers. Rieve charged that Ruffin, head of the struck



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- ♠ A ton of steel in any form contains slightly under 7059 cubic inches.
- Dividing 7059 by the product of length, width and thickness used for each unit of production will give you the number of parts you can theoretically expect to obtain from each ton of cold rolled strip steel.
- If you can reduce any of the three dimensions, the number of parts you get will be increased.
- Length and width may be difficult to change but if you can design or redesign the part to use a lighter gauge, you can make an important increase in number of parts per ton.
- For example, cold rolled strip steel 2" x .015" averages approximately 19,600 feet per ton; 2" x .010" averages approximately 29,400 feet per ton. Thus, a reduction of one-third in the thickness would effect an increase of 50% in the number of feet (or parts) per ton.
- If you are using CMP Thinsteel, it may be possible to make such a change without sacrificing strength as Thinsteel, in all analyses, can be produced to a wide range of physical properties.
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- Demand for Thinsteel far exceeds supply these days and defense order requirements further limit availabilities, even to old customers, but where CMP Thinsteel can be furnished we suggest this practical approach to stretching supply—wherever possible reduce gauge thickness and get an automatic dividend in increased footage available for productive purposes.



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TEMPORARY RAMP helps nonstrikers at Dan River Mills' Schoolfield plant in Danville, Va., cross a CIO picket line.

Erwin Mills, preaches "genuine collective bargaining" but doesn't practice it in his four mills. Ruffin charged the union was at fault in insisting on bargaining for an "illegal" aim—a wage hike not allowed under federal rules.

Pressure mounted as unorganized mills, including the Springs Cotton Mills and other chains, announced 2% increases. Led by the Erwin Mills and Dan River Mills, key unionized mills offered 2% hikes to workers willing to return to jobs.

Estimates of how many accepted vary from the union's "a negligible number" to management's "a substantial part" of all mill hands. Whatever the number, some major mills resumed operations.

• Tempers Flare—The back-to-work movement—and the threat of a lost strike—brought a quick and bloody flareup of picket-line violence. Shooting, dynamiting, and bitter words punctuated TWUA's picketing at Greensboro, N. C. A nonstriking worker's home was dynamited at Durham, N. C. A striker was wounded in a gun fight at Danville, Va. Fist fights were common; so were charges and countercharges of coercion.

Tension in the textile mills created new tensions in other southern industries. And it brought new protests by the unions against an alleged "widespread conspiracy" among employers against organized labor.

The CIO called for a continuing congressional inquiry into what it called a "shocking" campaign against TWUA.

• Spearhead—TWUA was originally counted on by CIO to spearhead the whole southern organizing drive. The union painfully, and expensively, signed new members in 1946 and 1947 until it represented about 150,000 of the South's 425,000 mill workers. Then membership began slipping off, until

TWUA had lost more than a fourth of its hard-won southern members.

TWUA president Rieve told a subcommittee of the Senate Labor & Public Welfare Committee that "reactionary employers... resorting to the use of all the antilabor weapons in the Taft-Hartley act" caused the union's loss of ground. The subcommittee probed Rieve's charges in a series of southern mill town hearings. Then a majority reported that TWUA setbacks were "compelled by employer campaigns on an areawide front."

The subcommittee's majority report said investigators had found: (1) constant watching of union organizers and members and their discharge on the flimsiest of reasons; (2) antilabor propaganda, through rumor-spreading, letters, ads, speeches to employees, etc.; (3) denial of free speech and assembly to union spokesmen, by influence and pressure in the plant community; (4) labor spying, gunplay, use of injunctions, and the closing or moving of mills; and (5) litigation under the T-H law, endlessly pressed before NLRB and the courts, delaying union recognition.

The report said the "almost identical techniques used" indicate "a widespread conspiracy" to break TWUA.

• Minority—In a minority report, Sens. Taft and Nixon called the majority report "a distorted picture of labor-management relations in the South and particularly in the textile industry." They added that it "could not have been more one-sided if it had been written by attorneys for the union." And they pointed out that cases cited to back up the majority report were decided against the union on many of the points, and by agencies "whose facilities for ascertaining the truth are far more adequate than those of the subcommittee."

Louisiana's Dynamic Statistics

When Louisiana developed its resources, mobilized its people and labor forces by speeding transportation over modern roads, improved their health and bettered their education, provided them with cheap power and fuel, we outgrew the nation for a decade. Now, in 1951, we are headed for new and even greater growth for we have added manufacturing to an economy already soundly and profitably based on agriculture and trading — trading with our own country and the world.

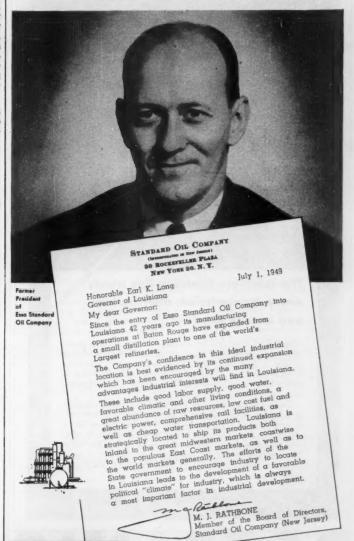
Our population is growing but not as fast as our resources are being developed. This means expanding markets, growing opportunity.

LOUISIANA AND U. S. STATISTICAL COMPARISON

Louisiana		% Inc	% Increase		
1940	1949	LA.	U.S.		
Income Paym 847,000	ents to Individuals 2,647,000	\$1000 212.5	160.4		
Per Capita In 359	come, Dollars 1,002	179.1	131.0		
Net Salaries & 542,000	Wages \$1000 1,648,000	204	172.5		
Effective Buy 789,800	ing Income \$1000 2,558,000	223.8	158.0		
Cash Rec. Fro 92,857	om Farm Mkting, 336,986	\$1000 262.9	237		
Cash Rec. of 1 26,093	Livestock & Prod. 98,045	\$1000 275.7	215		
*Construction (Contracts Awarded	344.1	262.1		
Value of Mine 136,544	eral Production \$10 634,787	364	143		
Value of Man 565,265(1)	ufactured Prod. \$1 2,248,500	000 297	232		
Retail Sales \$ 495,405	2,178,600	339	183		
*Life Insurance 62,471	Sales \$1000 181,665	190.7	156.3		
⇒Bank Deposits 504,800	\$1000 1,690,000	234	131.4		
600,300 Sank Assets \$	1,842,500	206.9	124.8		
Value of Expo	rts (at N. O.) \$100 809,300	262	110.7		
Value of Impo 101,259	rts (at N. O.) \$10 424,100	318	95		
Rev. Freight 6	Orig. 1000 Tons 20,090	33	22		
Rev. Freight 7	Term, 1000 Tons 24,801	58	16		
Total Elect. E 2,613.1	nergy Prod. M K 6,423.5	WH 145.8	91		
Total Electric 314,545	Customers 620,393	97	41.9		
No. of Farms 18,301	Electrified 115,300	503	130.6		
*Crude Oil Proc 103,584	duction 1000 Bbls, 209,116	101.8	45.7		
(2) Nat. Gasoline 296,074	& Allied Prod. 10 705,088	00 Gala. 158	87		
Net Productio 414,900,000	n of Natural Gas I 805,726,000	MCF 94.6	88		
Salt Tons 1,132,594	2,313,718	104	50.4		
Sulphur Tons 543,004	1,134,185	108	85		
*1950 ***June 3 (1) 1939 (2) 194	30, 1950 & Jan. 29, 12	1940			

Any business man knows how statistics can be handled. However we invite the most searching analysis of those we have used. Our State Board of Commerce and Industry has the detail. Won't you ask for it?

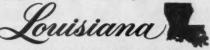
Why STANDARD OIL built the world's largest refinery in LOUISIANA





GOVERNOR EARL K. LONG

Standard Oil's largest U. S. plant at Baton Rouge employs 8,000 persons, produces more than 700 different products—more than any refinery in the world, distills 240,000 barrels of crude oil a day.



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CHAIRMAN TAYLOR will probably find strange bedfellows in the reorganized WSB.

The Unions Return

End of labor leaders' boycott of defense agencies doesn't mean absolute victory; but labor did roll up some imposing gains.

Exactly two months after they walked out, the major labor organizations walked back into the defense agencies this week.

The United Labor Policy Committee, in voting to end the boycott, did not claim a clean sweep. But it cited sizable gains:

 A reorganized Wage Stabilization Board with some functions in both wage and nonwage labor disputes affecting national defense,

• A 17-man National Advisory Board on Defense Mobilization, with public, labor, industry, and farm representation. The board will advise Truman, thus minimizing the policymaking power of Defense Mobilizer Charles E. Wilson (Wilson is chairman).

• An AFL leader (George M. Harrison, president of the Railway Clerks) as assistant to Wilson.

· A CIO leader (David J. McDon-

ald, secretary-treasurer of the Steelworkers) as assistant to Economic Sta-

bilizer Eric A. Johnston.

· A labor leader-still to be nominated-as assistant administrator of the National Production Authority in charge of the Office of Labor Requirements.

· A labor leader to be nominated as assistant to Price Stabilizer Michael V. DiSalle

· An AFL leader (Albert J. Hayes, president of the International Assn. of Machinists) as manpower assistant to Mrs. Anna Rosenberg, Assistant Secretary of Defense.

· A labor-management committee as advisory to Wilson-with Wilson's manpower aide, Arthur S. Fleming, and former Sen. Frank P. Graham, the Labor Dept.'s Defense Manpower Administrator, as co-chairmen.

The assistants to Johnston and Mrs. Rosenberg are not new gains; Harrison served previously as Johnston's assistant. And Hayes returns to the same spot he filled at the time of the walkout Feb. 28. The labor-management committee previously was in the Labor Dept.

WSB is enlarged from nine to 18 members, with public, industry, and labor representation raised from three to six. The three labor members who walked off the board on Feb. 16 are retained-Harry Bates of the AFL bricklavers, Elmer E. Walker of the AFL machinists, and Emil Rieve of the CIO textile workers. The added trio is John W. Livingston of the CIO auto workers, Joseph C. Beirne of the CIO communications workers, and W. C. Birthright of the AFL barbers union.

At midweek Truman was hard put to find top-flight labor relations experts from industry and the public to serve with these labor representatives under the new WSB chairman, Dr. George W. Taylor. Many have refused.

• First on the Agenda-Once WSB's membership is completed, it will get busy on two major jobs that need immediate attention: (1) It will decide more than 800 cases, affecting more than 3-million employees, involving wage increases above the 10% ceiling (over Jan. 15, 1950); and (2) it will revise its regulations.

The regulations, even revised, will be applicable only until Congress amends the Defense Production Act this sum-

Here are some of the changes you can expect in the wage regulations:

• Raising the 10% ceiling, maybe as much as five more percentage points.

· Approval of annual improvement increases

· Exemption from the ceiling of the increased costs of new or improved health, welfare, and pension plans.

· Formulation of "standards" for approval of "fringe" benefits.



At its Willow Run, Michigan factory, Kaiser-Frazer Corporation has been using a LeTourneau rubber-tired Tournadozer over two years on coal handling. According to Maintenance and Equipment Supt. C. P. Olsen, the Tournadozer has been 96% efficient over approximately 4350 hours of operation. He adds, "It's entirely reliable . . . and is of exceptional importance to our day-to-day job."

Assures steady plant operation

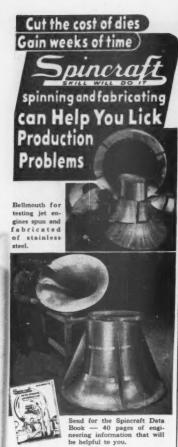
Tournadouer feeds coal from stockpile to conveyor for power house bunkers, easily delivers 300 tons per shift . . . all the conveyor can handle. On stockpiling, the rubber-tired Doser moves up to 120 tons of coal per hour from rail car unloading station about 300' to storage pile.

Thus, Tournadozer easily keeps ahead of stockpiling and hopper requireKaiser-Frazer Corporation often uses its 180 h.p. Tournadozer with a Le-Tourneau 15-yard Carryall Scraper to load, haul and spread on the stockpile, and level scrap disposal areas. Other Tournadozer spare-time jobs include: building parking lots and roads . . . leveling dumps . . . plowing snow during winter.

Because the Tournadozer travels to 19 m.p.h. on rubber tires, it handle many of these extra jobs after handling hopper requirements. It can be driven anywhere on or off pavement ... runs a mile through traffic in only a few minutes.

Tournadozer can show similar savings on your work. Whether you are interested in ownership, or want to locate the nearest Tournadozer contractor to handle special jobs like these, your Le Tourneau Dis-





High tooling costs — months of waiting time — the urgency of the hour — these very real conditions need not bring despair to able designers and alert production executives. Spincraft engineering may well provide you with a welcome solution at a small fraction of conventional fabricating costs and in far less time.

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Milwaukee Metal Spinning Co.

Unions Want White Collarites

Their three-pronged campaign to bring employees of insurance offices, banks, and department stores into the fold is only the first step of a far-reaching program.

Unions are trying to make woo with the nation's insurance offices, banks, and department stores. Employees in these key spots are little organized now —but, in the eyes of the unions, they're ripe for unionization. Once these spots are organized, unions are convinced that the job of signing up other white collarites will be a lot easier.

This accounts for the importance unions attach to three stepped-up organizing campaigns: one among insurance agents, another in New York City department stores, the third among employees of a large Cleveland bank.

• The insurance drive centers on some 5,800 agents of Boston's John Hancock Mutual Life Insurance Co. They will vote May 10 on whether they want CIO, AFL, an independent union, or no union. The agents formerly were represented in bargaining by the leftwing United Office & Professional Workers (ex-CIO).

• The store drive got under way last week in New York City, operating base for the new United Department Store Workers (CIO). Its first assignment is to try to organize nonunion department stores in New York City—and to try to take over the New York membership of the left-wing Distributive, Processing & Office Workers Union, long firmly entrenched in Gotham department stores. Later, CIO intends the new UDSW to blossom out into a "truly national union of store employees" (BW—Mar.3'51,p122).

• The bank drive is spurred by a new Financial Employees Guild (CIO) among 2,000 employees of the Cleveland Trust Co. and its 57 branches. Guild organizers have been at work for more than six months in the bank system. On Mar. 16 they asked the National Labor Relations Board for a representation election—but failed to produce union cards signed by at least 30% of all employees, as required by law. Technicalities have delayed the election petition since then.

A radio-television drive by CIO's
American Newspaper Guild flopped in
New York offices of the Columbia
Broadcasting System. A no-union vote
edged out the guild (308-290) in an
NLRB runoff. Earlier, the guild won
easily over AFL's office-employees'
union and the Radio Guild of the leftist
DPOW-but a heavy no-union vote
forced CIO into a runoff. UOPW (now
merged into the DPOW) represented
CBS workers for the past five years.

The scattered white-collar drives have this in common: Each is an effort to salvage organizing work that got badly muddled when CIO's original white-collar union, the UOPW, was ousted from CIO for its left-wing sympathies.

• John Hancock Drive—You see that particularly in the campaigning at John Hancock. CIO's Insurance & Allied Workers Organizing Committee is a right-wing offshoot of the old UOPW. About a year old, it has only a scattering of members in seven small insurance companies. The May 10 test at John Hancock is highly important to the union as a first step in plans that include campaigns among Metropolitan Life Insurance Co. agents, next, and Prudential Life Insurance Co. agents in December.

CIO's rivals on the NLRB ballot at John Hancock are AFL's National Federation of Insurance Agents Council and the small, independent United Insurance Agents of America.

 Merger Plans—Coincidentally, the AFL and independent unions are seriously considering a merger. The AFL group, which claims 22,000 members,



Store Union Head

R. J. Thomas, one-time head of the United Auto Workers (CIO), took over this week as head of CIO's new United Department Store Workers in New York. You can tell how seriously CIO is taking its new UDSW by the aides "drafted" for Thomas: David McDonald of the Steelworkers; Jack Livingston of the Auto Workers; and Michael Quill, president of the Transport Workers.

is due to become a full-fledged union at the May meeting of AFL's executive council. The independent UIAA, which has about 1,500 members, has voted, tentatively, to move into AFL's insurance union when it is formally chartered.

UIAA and CIO's insurance-workers group both sprung from UOPW. UIAA stayed in the left-wing union when it was ousted from CIO in March, 1950, bolted a year later. Shortly after UIAA struck out on its own, its officers held informal merger discussions with CIO, but couldn't work out terms.

• Office Workers—CIO hasn't given up hopes of organizing office workers, one of the biggest pools of unorganized labor. The old UOPW made a stab at it, but succeeded only in a few "factory-type" offices. In revising its white-collar plans, CIO decided to let industrial unions sign up office workers in plants and company offices—later bring them together in a strictly white-collar union. That's still the plan.

N.Y. Granite Cutters Try To Set Industry Pay Scale

The Greater New York local of AFL's Granite Cutters International Assn. has a new wage scale, \$21 for a 7-hr. day. This is higher than scales in Barre, Vt., and other big granite manufacturing centers. So the New York monument cutters are worried: Outside, lowerlabor-cost employers may get the jobs. • Ultimatum-Three weeks ago they acted to "protect" their work standards. The local served an ultimatum on New York employers who finish, refinish, or install granite work: Employers must agree, said GCIA, that all monuments under six feet in size must be cut in local GCIA-contract shops-or in outside shops where work conditions, pay rates, and hours are the same as those in New York. The union's members wouldn't handle granite that wasn't finished in accordance with these terms.

Most employers balked. About 300 GCIA quit work on Apr. 1, in the midst of the industry's pre-Memorial Day rush. That brought on some settlements, but most employers stood fast.

Another New York union, the Cemetery, Stone Handlers, Erectors & Granite Yard Helpers, originally joined the GCIA in its work demand. It withdrew its demand "for the present" when GCIA struck.

 Barre Fights—Meanwhile, Barre and other granite manufacturers were jolted by the possibility of losing one of their best markets. They retained attorneys to fight what they called an "illegal" effort to compel the switch of granitefinishing work from their shops to New York



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*Ask your West representative for a copy of this wax evaluation report.



WHEELCHAIR doesn't hurt typing .



NOR BLINDNESS her transcribing.

Handicapped Workers Can Handle the Job

Stenographers and typists are hard to find in Milwaukee. And because they are, local personnel officers are now ignoring a lot of handicaps that once would have barred applicants from jobs. The only question they ask is: Can you do the work?

• Many Can-Many people with minor physical disabilities-and some with major ones-are proving daily they can.

Allis-Chalmers, for instance, is convinced that many physically handicapped girls can handle stenographic and typing jobs just as well as normal ones. It found out by letting them try.

When clerical shortages began to show up, Allis-Chalmers eased its rules on physical fitness for typist applicants. It hired a number of wheelchair typists,

ALLOY STEELS

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Here is more proof in action that vital parts needn't buy safety with sheer weight. Alloy steels are extra strong in relation to weight. They give working parts hard surfaces to resist friction and wear... plus tough cores to withstand severe shock, strain and vibration.

Possibly you have a hard-to-handle job—either in equipment or process—in which the right steel in the right place could mean a higher safety factor, uninterrupted service, longer life, fewer repairs or lower end cost. Through its exclusive "3-Dimension Metallurgical Service," Republic—world's largest producer of alloy and stainless steels—has a proven means to help solve such special problems promptly.

The new booklet, "Republic Alloy Steels . . . and How to get the Most out of them," explains this service and details examples from many segments of industry. The coupon below, with your letterhead, will bring your personal copy by return mail.





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such as the young polio victim (top pic-ture, page 38) and one girl (lower picture) who had been a good typist before she lost her eyesight three years ago.

· A-C's Report-Recently Fred Mavis, office manager at A-C's Milwaukee tractor division plant, announced that the experiment with the handicapped was working "entirely satisfactorily." The blind girl is assigned to transcribing Ediphone letters and "does a thoroughly capable job." She gets around reasonably well with the aid of a dog.

The wheelchair typists use collapsible wheelchairs and require little aid during the course of a day. According to Mavis, their work is good, and they are "as efficient and more cheerful than most of the normal girls in their department.

• New Reserve-Use of the physically handicapped in jobs is already opening up a new labor pool in Wisconsin, the state employment office in Milwaukee says. Wheelchair typists, in particular, are available, and after A-C's experiment the agency is having an easier time getting employers to hire them.

LABOR BRIEFS

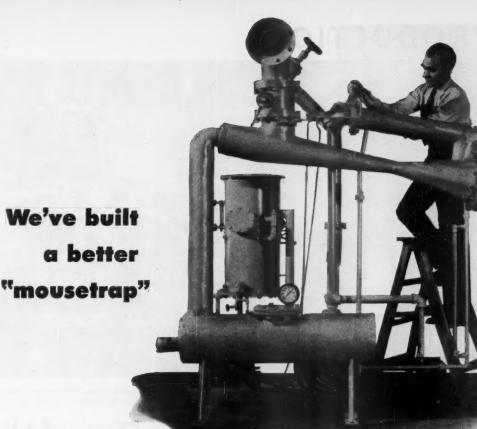
An FEPC program aimed at barring job bias should be set up immediately by executive order, CIO's James Carey wrote President Truman last week. He said a new FEPC is needed at once to help meet defense manpower shortages.

Refusal of pilots to fly Martin 202 air-liners caused Northwest Airlines to ground 20 of the planes recently. Pilots acted through their AFL union to bar the planes after five Martins crashed in three years, killing 90.

Help-wanted notice was inserted by the Hamilton National Bank, Washington, D. C., in depositors' monthly statements recently. The bank, caught in the manpower pinch, urged anyone interested (no experience needed) to apply for a job.

A 30¢ wage demand made by the leftist Mine, Mill & Smelter Workers in talks with American Brass is a clue to MMSW's bargaining aims. Union says Anaconda, Kennecott, Phelps Dodge, and other brass and copper firms will be asked for the same amount. Contracts expire June 30.

Profit-sharing emblem of the Council of Profit Sharing Industries, Akron, is now being used by many member companies on trucks and letterheads and in ads; Council, a nonprofit organiza-tion, says the emblem helps build goodwill for the profit-sharing employer.



... and it has already

helped make refrigerators, magnesium,

cow serum, and cutting tools

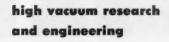
It's a KB-300 Exhaust Unit, built by DPi around the most efficient principle known for maintaining a vacuum of 1 to 100 microns Hg. By supplying low-cost high vacuum on a commercial scale, it makes possible quantity production of some products and improves other products and production methods.

For instance, KB Pumps draw out every last trace of moisture in refrigeration systems before they leave the factory, preventing any possible formation of troublesome ice particles. In vacuum metallurgy, they're now used for production of vast quantities of magnesium. Serums, with longer shelf life, are made by vacuum dehydration in large enough batches for the economic requirements of the veterinary field—thanks to the efficiency with which KB Pumps handle enormous loads of vapor at low pressure. And in sintering tungsten carbide to make cutting edges for tools, the inexpensive high vacuum of KB Pumps gives the dense grain structure required for extreme hardness.

for extreme hardness.

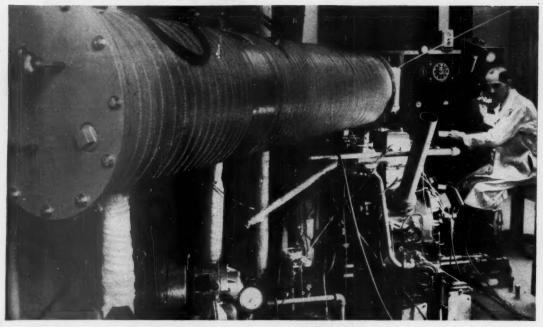
For the requirements of other

fields, DPi is now prepared to explore with you the possibility of designing even larger KB Pumps than presently listed. For details, write Distillation Products Industries, 739 Ridge Road West, Rochester 3, N. Y. (Division of Eastman Kodak Company).

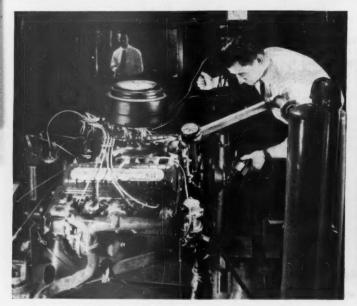




PRODUCTION



Buried in a maze of coils and tubing (right), single-cylinder test engine is basis for General Motors' experimental high-compression engine. The finished product brings closer the day when high-compression ratios will boost the efficiency of your car.



4 Completed V-8, dubbed the 19XX, gets a workout on a dynamometer to see if power, fuel consumption, and performance come up to design expectations.

Day of High



5 Sometimes test engine goes to pieces. Then designers have to start over again.



2 Fuel blends, in a quality range from 100 octane to 65 octane, are tried out in engine.



Full-scale 12-to-1 compression ratio engine is assembled.

Compression Is Nearer



6 Roadwork in Arizona is the acid test for the engine under a Cadillac's hood.

Four years ago General Motors Corp. announced a revolutionary automobile engine. It had a 12-to-1 compression ratio that boosted gasoline mileage 35% to 40% (BW-Jun.14'47,p52). It was a soundly designed engine, but a laboratory curiosity. It had to run on a special superfuel of about 105 octane. Refiners weren't equipped to make the stuff commercially—and wouldn't be in the foresecable future.

 Nearer—This week GM has another announcement: It has brought its highcompression job lots closer to practicability.

Instead of an engine that requires 105 octane gasoline, GM has one that will run on slightly higher than 100 octane; informed sources say it has operated on gasoline as low as 96-97 octane. Present premium grades run about the 90-octane level—not so very far below the new engine's requirements. Refiners may be able to produce the new octanes in quantity before too many years.

In addition, the new engine is about as economical as its '47 forerunner; it





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gives up to 40% more miles per gallon than a '51 Cadillac.

Word of the development came via a scientific paper, presented to the American Petroleum Institute's meeting in Tulsa this week by Charles L. McCuen, GM vice-president and manager of its Research Laboratories Division.

• How It Works—McCuen told how the cut in the engine's appetite for quality fuel was engineered. Building so-called mechanical octane numbers into a revamped V-8 design did the trick. That lets the engine run without knocking on lower octane gasoline.

The mechanical octanes are built in through a variety of ways. One is careful adjustment of ignition timing to get proper spark advance at part throttle; that helps get the best power and fuel economy. Other factors are better combustion chamber design, improved carburction, and automatic transmission.

The new gasoline would probably cost more than present premium grades. Even so, the new engines could net motorists a tidy savings, said McCuensome \$2.5-billion a year.

 Oil Pinch—The engine's designation, 19XX, looks more like 19?? to the petroleum industry. Right now, each additional octane number is almost geometrically tougher to squeeze out than its predecessor. And each octane jump costs refiners hundreds of millions of dollars.

The octane race pinches oil companies two ways. First, getting higher octane gasolines from a barrel of crude takes more expensive refining techniques. That makes the end product more costly. Second, the higher the octane number of the refined product, the lower the liquid yield per barrel of crude. This leaves the refiner with less product to sell.

• Other Developments—There are other developments, off the beaten path, that may some day ease the octane squeeze on refiners:

• Injection of a water-alcohol-lead solution into the engine. It seems that a car engine wastes octane numbers most of the time, needs high fuel quality only when it's accelerating or climbing hills. The car could run on low octane gasoline, get a shot of octane-improving stuff when necessary. That's the idea behind Thompson Products' Vitameter.

 Socony-Vacuum Oil Co. can do about the same thing with its experimental dual-fuel system. The car carries two fuel tanks, one with low and the other with high octane gasoline. A special carburetion setup feeds the engine the fuel best suited to its operating condition.

Texas Co. developed a new engine that doesn't knock, even with high compression ratio and low octane fuel.
 It's still highly experimental.



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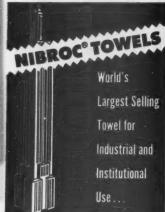
BROCHURE



· 50

- Conveyors
 Economy Lacker Racks
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MONKS hammered out the rude iron nails used in 15th Century Europe.



WHOLE FAMILIES turned to the job, part-time, in Colonial America. Nails were precious.



TECHNOLOGY, marching on, brought machines that made nails from steel wire instead of sheet. Bessemer converter, making tonnage steel, helped assure the victory of wire.

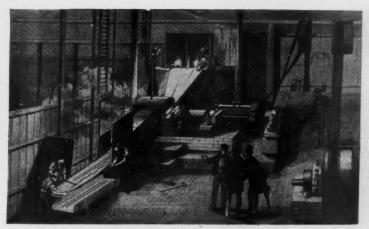
The Humble, Ancient Nail

Eons ago a prehistoric man—an exceptionally bright one—hammered the first wooden peg into a piece of wood, and said, "This is the greatest thing until the invention of the wheel!" And no doubt he was right. His peg may have fastened the wheel on the axle hub of a crude wagon.

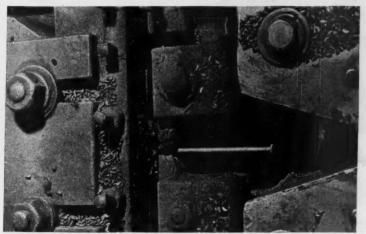
• Technical Study—Today the peg is called the nail. But the only resemblance between the original peg and the modern nail is the point. The head and shank of the present-day product are highly technical parts that do much more than hold a couple of boards together. Manufacturers design them after careful study of their end uses.

Other fasteners today are giving nails competition. That's why Independent Nail & Packing Co., Bridgewater, Mass., has assigned a development project to the research foundation of Virginia Polytechnic Institute. The project won't come up with anything radically new. But it should produce improvements that give the nail a stronger position in the market. It's a big market; current production runs close to 1-million tons a year, spread among 68 manufacturers.

Lately some manufacturers have been reducing the sizes of their catalogs, cutting down the number of standard types, which is a good sign that the



MACHINES came into the picture in the early 18th Century, shaping the nails out of rough pieces cut from sheet or plate iron. Workers were skilled, highly paid craftsmen.



MASS PRODUCTION has taken over fully, with forming dies like these cutting cold wire to desired length, pointing and heading the nail, all in one swift operation.

Gets Fancier

nail has become a more versatile fastener. One big eastern manufacturer has cut its inventory from 1,100 types to 120. The ones that have dropped out of the running are now carried as specials.

But despite recent improvements and type reductions, the old sizes and shapes are still favorites among customers. About 95% of the 1-million tons of nails produced annually are sizes and shapes that were in use 25 years ago.

The materials with which a nail will be used pretty much determine its design. Wood, upholstery, or composition building board each calls for its own special kind of head and shank. Metals such as brass, aluminum, or titanium that go into nails give them lightness, resist corrosion, and prevent discoloration of the materials that they touch.

• Grooving—To make a stronger fastener, Independent's project emphasizes nails that have grooved (or threaded) shanks. A helical groove has a gradual pitch that spirals around the shank. And an annular one is a series of individual circles spaced along the length of the nail.

With the pitched groove a nail turns as it is driven, displaces the wood fibers, and forms a thread in the wood. When the circular groove goes into wood, the wood fibers push into the grooves like tiny wedges to hold the nail tightly in place.

Actually there is nothing new about



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the grooved nail. It's been around for a long time. But slight modifications of the groove itself have meant big improvements in the nail as a fastener. Independent credits these design changes for the switch in many industries from the plain shank nail to the grooved job.

The shoe industry has been one of the big leaders in replacing the old type with the new in attaching heels to ladies shoes. Auto makers use the grooved nail almost exclusively for fastening upholstery linings to body frames. And lately furniture manufacturers have been considering the nail as a substitute for wood screws, which are about 25% more expensive.

· Special Metals-To make the nail even more competitive with the screw, manufacturers have been using special steels and nonferrous metals to give their products a combination of lightness and corrosion resistance. Although a bit more expensive than the ordinary nail, aluminum types have recently cornered a healthy market in the building trades because they won't corrode and streak the sides of buildings. Stainless steels go into nails used in contact with corrosive chemicals in the processing and metalworking industries. One company has even gone so far as to manufacture an experimental batch of nails from titanium metal with an eye to making the nail still more resistant to chemical attack.

• Homework—The first nailmakers in America never dreamed of the refinements. The industry started around the time that the pilgrims stepped ashore at Plymouth.

For most colonial families nail making was a part-time job, an accepted part of home life. The head of a family bought or bartered bar iron from a nearby ironworks, forged it into sheets of required thickness, and then took it to a slitting mill where it was cut into nail rods. At home the family hammered the rods into nails by hand till far into the night.

Economically, the nail was a hot potato in the colonies. Slitting mills in England saw America as a new and expanding outlet for their products. It was a seller's market. But the English were stuck with long supply lines, while New England nail makers were right in the middle of the market. The competition from the colonials was so rough that the English passed laws forbidding the operation of slitting mills in America. Enforcing the act was another matter. American slitting mills mushroomed like moonshine stills in Prohibition

• Salvage—When the westward migration started, departing pioneers often burned their buildings, sifted the nails from the ashes, and took them along. Handmade production fell far behind,



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Look at the finish whenever you buy toys, furniture, appliances, automobiles or any hard-to-replace items for the home. For the finish usually means the difference between a short life and a long one. For manufacturers only: Are your production lines rolling for defense or for civilian markets? In either event, it pays to consult an Industrial Finishes Specialist. He's the technically trained, sales and production-minded representative of your Industrial Finishes supplier. He can help you solve production, costs and sales problems. Remember . . . more and more of your customers start buying with the finish in mind!



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providing a new spur for Yankee inventive genius. In 1759 Jacob Perkins of Newburyport, Mass., developed the first nail-making machine. This, and others like it, cut and headed nails directly from sheet iron.

The industry migrated westward along with the pioneers and temporarily settled itself in Wheeling, W. Va., which became known as "The Nail City." There the nail had its ups and downs.

For years manufacturers turned out nails without much thought about their metallurgical structure. But one of them, Norton, Bailey & Co., learned to cut sheets into pieces with the grain of the metal parallel to the length of the nail.

• Hit by Panic—Wheeling's nails were riding the crest of the wave in the middle of the 19th Century. Then the Panic of 1873 sent nail prices for a loop. When business picked up, the bigger firms failed to strengthen their position by plant expansions. Instead smaller companies in other areas did the expanding.

Besides economic conditions, technology also helped to knock Wheeling off the top of the totem pole. The nail maker, and the iron puddler whose furnace supplied the raw materials, were the labor aristocrats of their day. Both trades were carefully guarded secrets. Although the nail was close to mass production, the machine was still crude enough to require considerable skill on the part of its operator. The chance of error was so great that adjustments made by the worker determined the quality of the product.

To make the trade even more aristocratic, nail makers kept their craft within their families, passing the tricks of the trade from father to son.

• New Processes—Into this closed garden came the Bessemer converter and the wire-nail machine, almost simultaneously in the 1860's. More or less supplementing each other, they put the nail into actual mass production.

The converter, which made more and better metal for nails, didn't require the artistry that the puddlers needed to tend their iron furnaces. Rather than shift to the new trade, the puddlers went on a prolonged strike to protect their high wages—about \$20 per day in today's dollars. By the time the strike was settled nail manufacturers had switched to converter-produced steel.

While the converter affected the individual, it was the companies that were hit by the wire-nail machine, especially in Wheeling. Manufacturers there failed to follow the trend from cut to wire types, as competitors were doing elsewhere. Wheeling as a one-industry town finally went on the decline. The nail-making artisan was caught in the squeeze.

BUSINESS WEEK . May 5, 1951



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With today's stepped-up production imposing new loads on already overworked office staffs, business needs all the help it can get—the kind of help Burroughs is giving it.

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help you get things done. His training and experience qualify him to recommend the right machines for your office . . . the most efficient way to apply these machines. And Burroughs world-wide, world-famed mechanical service organization is always available to keep them in top running order.

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PRODUCTION BRIEFS

A steel-making furnace that automatically stirs the leat has been ordered from Elliott Co., Jeannette, Pa., by Timken Roller Bearing Co. Large induction coils beneath the furnace create an electromagnetic field that cuts through the molten metal and agitates it.

Largest gas-turbine generator made to date is Westinghouse Electric's claim for a unit that it will build for a power station of Public Service Co. of Oklahoma. The 15,000-kw, machine is fueled by natural gas from nearby oil fields.

Prospectors and mine operators can now get financial help through the Defense Minerals Administration for their search for strategic ores. Funds are allotted to a successful applicant on a sliding scale depending upon the metal or mineral being sought. DMA will use an allotment of \$10-million that was made available by Defense Production Administration.

Military-type X-ray units are in production at General Electric X-Ray Corp. The initial batch of 225 units are designed for field service close to the front lines. Standardized components—beefedup versions of commercial parts—make the sets easy to maintain under field conditions.

Colored stripes are printed simultaneously and side by side without smearing or overlapping, by a process of Tobey Color Card Co., St. Louis. The process uses different finishes of paint and combinations of widths. Tobey recommends its process to paint makers who produce color samples in broad ranges.

New kinds of radioactives may still be found among the elements that are lighter than uranium, according to Willard F. Libby of the University of Chicago. They're important, too, because their rate of radioactive decay is far slower than that of the radioactive manmade isotopes of atomic piles.

A five-year research program is the joint project of Philco Corp. and MIT. The deal includes a two-way flow of developmental data, an exchange of visits by executive and technical personnel, and a joint policy on patents.

Patent infringement is the subject of a survey conducted by Patent Equity Assn., Inc., 545 Fifth Ave., New York. The canvass is part of a campaign to unite patent owners, independent inventors, and small manufacturers. Finest printing costs less





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Now you can get the inside story on a block of concrete—test its strength, check it for cracks—without breaking it open, says McPhar Engineering Co. The company builds an electronic unit for probing the concrete in dams, abutments, and highways. Called Soniscope, the unit was developed by the Hydro Electric Power Commission of Ontario.

The 55-lb. Soniscope consists of a central control unit connected by cables to a transmitter and receiver. The central control measures the time it takes to transmit an ultrasonic wave through the concrete.

Knowing the time and the thickness of the concrete, it's easy to compute the speed of the wave. And wave



What powders this rubber face?

... O bruck! Here is uncured rubber stock coming from an extruding machine. Because it is tacky and hard to handle, soapstone talc powder must be spread on both faces, top and bottom.

Originally the powder was blown onto each side. Coverage was spotty and soapstone was wasted. Now, Osborn power brushes, acting as giant "powder puffs," spread the talc evenly over the entire surface and remove the excess which is salvaged.

There are endless uses to which Osborn power brushing can be applied to simplify production and cut costs. Your Osborn Brushing Analyst will gladly demonstrate the possibilities for your operations. Write Dept. 502, The Osborn Manufacturing Company, 5401 Hamilton Ave., Cleveland 14, Obio.



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The phrase, "There's always room for improvement," might well be the creed of The Timken-Detroit Axle Company. Known throughout the industry as the foremost manufacturer of heavy-duty axles for trucks, buses and trailers, Timken-Detroit is constantly developing improvements designed to cut the truck man's costs and increase his profits.

In the six-wheeler field, Timken-Detroit's SFD-157 is recognized as the most advanced tandem-drive unit of its size in production today. Incorporating a straight line through drive, the SFD-157 has a top-mounted double-reduction final drive in each axle! While it is built primarily for civilian use, Timken-Detroit is producing similar units for military vehicles.

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THE SPD-157 TANDEM-DRIVE UNIT has a straight line through drive with a double-re-duction final drive in each axie. Six torque rods arranged in a parallelogram insur-correct spacing and alignment of axies and eliminate possibility of weight transfer.

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speed indicates the soundness of the wall; the more cracks or imperfections there are, the more slowly the wave moves. Speeds of from 13,000 ft. to 16,000 ft. per sec. mean that the concrete is in good condition; if speed is under 10,000 ft. per sec., it's probably in bad shape.

· Source: McPhar Engineering Co., 36 Cranfield Rd., Toronto, Canada.

· Price: \$4,525.

Filter-Trap for Dust

It's getting so a dust particle doesn't stand a chance. While as many as 20,000 particles ordinarily are present in a cubic inch of atmosphere, conventional air cleaners reduce this number to between 1,000 and 3,000. Now Cambridge Corp. has an "absolute air filter" that it says traps practically all the survivors. The corporation is a joint subsidiary of Arthur D. Little, Inc., and Carrier Corp.

The filter was first used by the Atomic Energy Commission and is recommended to manufacturers of precision devices, to hospitals, biological labs, and pharmaceutical plants. The filtering medium is a soft, feltlike paper. Air that passes through these submicroscopic asbestos fibers is forced to follow a twisted path; the result is that most of the dust particles become entangled.

• Source: Cambridge Corp., 350 S. Geddes St., Syracuse, N. Y.



Test for Tipplers

You can't fool an Alcometer with a likely story. Developed by Yale University's School of Alcoholic Studies, the unit reveals how drunk a person is in just 8 min. It requires a minimum of cooperation-and a minimum of equipment for plant dispensaries or hospitals.

The method uses two instruments: (1) a small balloon that helps pump air from the lungs, and (2) the Alco-

BUSINESS IN MOTION

To our Colleagues in American Business ...

Like other suppliers, Revere offers its metals in a wide variety of alloys. This is for the reason that no one metal or alloy is suitable for every purpose, for every requirement. In order to help solve the sometimes complex problems that arise concerning metal specification, fabrication, and use, Revere offers the services of its Technical Advisory Staff. Here is an example of its work.

When an electric utility was re-tubing a condenser, Revere Research had an opportunity to obtain samples of the tubes that were removed. A

laboratory examination showed them to be made of an excellent alloy; let us call it "Alloy X," since the tubes were made by a competitor. This alloy is usually specified for conditions of erosion-corrosion, but our examination indicated that the tubes also were subject to severe attack by air entrainment and high-velocity, turbulent water. The Revere Technical Advisor, who inspected the condenser in person, suggested that longer tube life might

be obtained if cupro-nickel in the 10% nickel alloy were used. As a test, 50 such tubes were installed alongside the new "Alloy X" tubes.

At the end of only three months, the utility was disturbed to find that some of the "Alloy X" tubes were beginning to fail. Samples were sent to Revere Research, which once again reported that these competitive tubes were good ones, mechanically and as to alloy. The Revere Technical Advisor immediately returned to the utility, where he spent two days and nights on the job, much of the time inside the condenser itself. He found the cupro-

nickel tubes in fine condition. Recommendations included putting a perforated iron sheet in the water box to reduce turbulence and air entrainment, and the use of 10% cupro-nickel tubes throughout. These suggestions were followed.

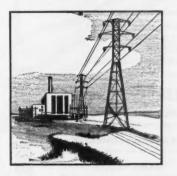
Two years later the cupro-nickel tubes were inspected, and found to be in excellent condition. As a result, a new generating station of the company was equipped with them.

Please note our statement that the tubes made by a competitor were all right as tubes. If Revere

Tubes in the same alloy had been installed there, the same trouble would have been experienced. It was natural enough for the utility to blame the tubes, but Revere knows that if condenser tubes do not give long and economical service the fault most probably lies in the selection of an alloy unsuitable for operating conditions. In many cases, as in this one, Revere has been able to suggest changes in alloy or in operation, or both, bringing about impor-

tant economies for users of condensers.

What Revere does in this way is not unique by any means. Suppliers in every industry do as much for their prospects and customers, every day in the week. They do it gladly, because a happy, satisfied customer is a precious asset. So we suggest that no matter what your business is, no matter what you buy, nor from whom, you take your suppliers into the closest possible confidence, permitting them to learn all they can about the conditions their materials have to meet. This will cost you nothing, and may save you much.



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meter, which determines electrically the concentration of alcohol in the blood stream. There are no laboratory tests.

A person suspected of intoxication breathes into a tube, which allows 30 cc. of the air to pass into the Alcometer. The meter dial registers the percent of alcohol in the suspect's blood in a matter of minutes. The manufacturer, Alfred Bicknell Associates, points out, however, that it does not show the total amount of alcohol that has been consumed.

The 55-lb. cabinet is portable, operates from normal house current—115 v. a.c. A blower system automatically cleans the unit for the next test.

Source: Alfred Bicknell Associates,
 243 Broadway at Windsor St., Cambidge, Mass.
 Price: \$775.

NEW PRODUCTS BRIEFS

An electronic air-cleaner of Westinghouse Electric Corp., Pittsburgh 30, Pa., comes as a packaged unit. The air-cleaning package resembles a 96-in. air duct with a built-in Westinghouse Precipitron. The unit reportedly combines minimum installation time with maximum efficiency.

Dissel-electric locomotives can be tested for operating efficiency while standing still. To do it, General Electric's Locomotive & Car Equipment Division, Eric, Pa., builds a portable loading resistor that connects to the locomotive. The resistor simulates the drag of the boxcars' load when the diesel is running.

Sonotone Corp. claims its 966 hearing aid has 10 times the power (and twice the number of tubes) of ordinary hearing aids. Designed in the company's Elmsford (N. Y.) laboratories, the 966 may bring hearing to persons who would not be helped by other instruments available today.

Turn off the light, and you're still not in the dark when you use an Edco delayed action light switch. Snapped to the off position, labeled "Delay." the light stays on for almost a minute —long enough to get off the porch, down the hall, or into bed. Electric Deodorizer Corp., 9993 Broadstreet, Detroit 4, Mich., is the manufacturer.

Plastic surgical drapes made by Minnesota Mining & Mfg. Co., St. Paul 6, Minn., come sterilized and ready for use. Edged with a pressure-sensitive adhesive, the nontoxic drapes require no clips. The company makes four kinds of disposable drapes for different operations.

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READERS REPORT

Smaller Cut

Sirs

Weren't you a little enthusiastic about the reduction in the amount of tetraethyl lead that will be available to refiners for use in automotive gasoline? The Petroleum Administration for Defense estimates it will be a 15% reduction, not the 50% you indicated [BW—Apr.21'51,p18]. Principal cause of this drop in supply is the need to build up a stockpile of lead to meet possible sharp future increases in military aviation gasoline requirements.

BRUCE K. BROWN

DEPUTY ADMINISTRATOR,

PETROLEUM ADMINISTRATION FOR DE-FENSE,

WASHINGTON, D. C.

No Comparison

Sirs.

A point got lost in the simplification attempted in your article "Oil: Tankfuls by the Barrel" [BW—Apr.7'51, p98]. This is that you cannot compare crude distillation with cracking as a process. The former is a primary process step in every refinery I know of. The latter is a secondary step performed for the purpose of converting an additional portion of the crude barrel into gasoline. This is added to the amount already produced by the relatively simple fractionation of the crude.

NILS M. SMITH-PETERSEN

NEW YORK, N. Y.

Pool for Retirees

Sire.

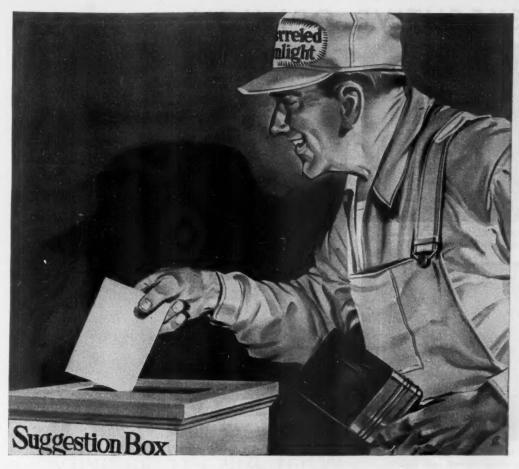
As I read "What to Do For Retirement" [BW—Apr.14'51.p34]. I thought, "How good for Esso and Eastman and U.S. Rubber, but our company of 125 employees has an oldster problem, too, and a formal preparation-for-retirement program for our two elderly men isn't practicable."

Is this not the place for the big insurance companies to help? Why not a pooled program at the community level where many small companies can send their retirees for instruction by experts at old age.

JAMES L. WHITCOMB

GENERAL MANAGER, KELLEY MFG. CO., HOUSTON, TEX.

> Letters should be addressed to Readers Report Editor, Business WEEK, 330 West 42nd Street, New York 18, N. Y.



An Idea that Really Pays Off

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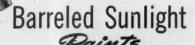
This simple test will prove it. Take a gallon of Barreled Sunlight and a gallon of any other paint you want to name and thin each according to directions on the cans. First thing you'll notice is that Barreled Sunlight gives you more paint ready for the brush ... which means, of course, you can save on gallonage. But of far greater importance, let your painter test each on the wall. See how much better Barreled Sunlight looks ... how much better it hides ... how much more "yardage" you get in an hour of painting time.

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EXECUTIVE OPINION



ANSWER: "Well, there are a number of possible explanations for that . . ."



"The necessary conclusion is that capital investment by itself, while it may be . . ."



QUESTION: "Why, with all the money invested, has productivity been so disappointing?"

SOLOMON FABRICANT TELLS

What Ails Productivity



"... a necessary condition for advance in productivity, is not a sufficient condition."



"Productivity depends on how effectively one uses new ideas, new processes."

Productivity—output per manhour—is a hot subject right now. The over-all annual rate of gain is back at its prewar level. But manufacturing productivity hasn't yet recovered its prewar rate. To find out why, nusiness week took its wire recorder to Dr. Solomon Fabricant, member of the National Bureau of Economic Research. He is one of the nation's top authorities on the subject, specializing in production, employment, and productivity. When he isn't researching for the bureau, he is writing books and teaching at New York University.

BW: Government figures show that manufacturing productivity hasn't come up so fast as we had hoped since the war. With all the money that we have been pouring into investment, how do you explain this?

FABRICANT: Well, there are a

FABRICANT: Well, there are a number of possible explanations. The necessary conclusion is that capital investment by itself, while it may be a necessary condition for advance in pro-



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Linking ship to shore, a giant rubber bridge—RAYBESTOS-MANHATTAN OIL LOADING HOSE—carries gasoline, oil and crude in and out of a tanker's yawning hold. The scene is repeated all over the world wherever petroleum products are shipped. For experience has proved R/M hose to be exceptionally safe, flexible, long lived. And in the oil fields and refineries, other R/M products, such as Rotary Hose, Brake Blocks for drilling rigs, V-Belts and Packings serve the petroleum industry with the same efficiency.

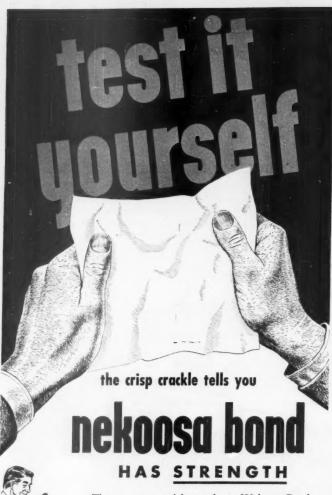
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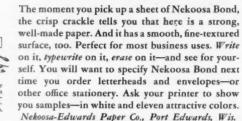
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IT PAYS TO PLAN WITH YOUR PRINTER

ductivity, is not a sufficient condition. BW: What are some of the things

that have held it back?

FABRICANT: One reason is probably the fact that we have had full employment ever since the conversion to peace production. We haven't had the shaking down after World War II that we had with the 1919 slump and the 1921 depression after World War I. We haven't had the adjustment that is essential in stimulating rises in productivity.

BW: You are speaking now of the

stimulus to keep costs down?

FABRICANT: I am thinking of costs because costs are obviously dependent upon the efficiency with which management seeks out new methods, the efficiency with which labor exerts

BW: The big factor in the slow-down, then, is a lack of cost conscious-

FABRICANT: I think the factors are summarized in that term, but perhaps I can spell it out a bit. Productivity depends not only on how much investment one puts into a plant. It depends also on how effectively one uses this new equipment, new ideas, and new processes. If these new assets, these new ideas, are not used with the maximum efficiency, you may not get the increase in productivity that otherwise would result.

BW: I suppose, though, that increased investment is one way of keeping the productivity figure moving up?

FABRICANT: I would say it will keep the other factors from pushing it down.

BW: Just what are the productivity

FABRICANT: Productivity is actually the relation between input and output. The common measurement of productivity is simply output per manhour. For the economy at large, over the last half century or so physical output per manhour has been going up at a rate of 2% per annum.

BW: What about manufacturing?

FABRICANT: Before 1940 I think the average rate was on the order of 3% per annum.

BW: What have the figures been since 1940?

FABRICANT: The Dept. of Commerce came out recently with its estimates of gross national product. These suggest that for the economy at large the national product per manhour has risen on the average at about the same rate as before the 40's-a net gain of 2%

In manufacturing, during the decade of the 1940's, the previous 3% rate of gain seems to have fallen very sharply, perhaps to no more than 1%

BW: If manufacturing has dropped



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to a 1% gain, how have we kept the

over-all percentage up?

FABRICANT: Obviously, what happened is that output per manhour in industries other than manufacturing must have risen more than the average rate. We have information on farming, for example. There we had pretty clearly a better than average rise in output per manhour due to good weather, a lot of additional machinery. fruition of a number of ideas that have been developing in agriculture. Then on the railroads the great increase in volume of traffic that has been maintained after the war meant much more output for very little additional input of labor.

BW: Is it surprising for manufac-

turing to lag behind over-all gain?

FABRICANT: I say this is not too surprising because something similar seems to have happened during World War I. Our records for manufacturing in that period suggest that between 1914 and 1919 output per manhour in manufacturing rose something under

BW: How have we been doing since

FABRICANT: Well, there seems to be some evidence that things have improved, and this, of course, is something that seems to have occurred also after World War I. The typical picture, you might say, seems to be one of rather slow growth in productivity on net balance during the war period. And then, upon restoration of peace, the rate tends to jump up. After World War I that came very soon after the war. In the case of World War II, there seems to be more of a lag.

BW: Does a difference in the kind of capital investment make a differ-

ence in productivity?

FABRICANT: I think you have put your finger on an important point. Investment can materialize in cost reduction that may not influence the output per manhour measure at all. To put it in a word, you might make an investment, not to save labor, but to save materials, which are also an important cost. Or an investment might be a capital saving investment. too, would not be reflected in the output per manhour.

BW: Do you think manufacturing can get back to a 3% gain a year?

FABRICANT: Why I think it is possible, certainly

BW: Probable?

FABRICANT: Well, I'll get technical here and say it is probable with a certain probability.

BW: I take it that that technical terminology means that you are something less than extremely optimistic about it?

FABRICANT: Yes. I'd say myself that I would ascribe the maximum of



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probability to a figure somewhat less than the 3% that characterized the 40 or 50 years before World War I.

BW: Now, since you've been so bold, may I ask why you are somewhat less optimistic than, say, the Council of Economic Advisers?

FABRICANT: Well, I would say the council is expressing a hope rather than making a forecast. I think full employment will have some effect on the rate of increased productivity. The great changes that occurred during the 30's in unionization, in social security schemes, in industry pensions and things of that kind may have some effect. The triple A legislation is another case. The effect of such legislation essentially is to keep resources from being most efficiently utilized. We don't buy our food at the cheapest possible place, and to that extent we are holding back progress.

BW: There is a kind of conflict between maintaining really full employment and maintaining growth in productivity?

FABRICANT: Well, I'd hate to put it as bluntly as that, but I'd say that there is some degree of conflict between the demands for security—legitimate demands, I want to emphasize—and progress.

and progress.

BW: What has mobilization done to productivity?

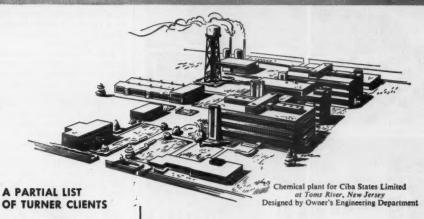
FABRICANT: Well, I think the impact of a rearmament program is to push productivity up—that is, for the economy as a whole. However, I think this particular period may not be typical. Let me say here that most of the figures we've had on productivity before World War II indicate enormous increases in industries like ship-building and armaments. I think we ought to realize, however, that most industries are not that type even during a mobilization period. Most are the normal peacetime type of operation. In these peacetime industries you begin to get operating shortages in materials and labor that have a definitely depressing effect on productivity.

BW: So if the defense effort continued for a considerable period into a war crisis, we might expect the same bad results we had during World War II?

FABRICANT: That's right. That's what I had in mind before when I said that the average figure of 2% increase in productivity for the economy during 1940-50 reflected a net change. Some increase, in 1941-42, some tendency to decline after that during the war period, and then a little revival after the war.

BW: What about new developments, such as the use of atomic power for industry. Could they overcome these adverse factors?

FABRICANT: I would put it this



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way: These possibilities you men-tion are potentialities, the full proof of which is never brought out, except in a system in which people are prepared to make adjustments of the kind they dislike making.

BW: In other words, the outlook for productivity is more a matter of the will and understanding of the people than it is a matter of investment and invention and methods?

FABRICANT: No, I would say it is matter of all those things.

BW: Then your prescription is to create conditions where new methods, new techniques, can be put to work fully and effectively?

FABRICANT: That's right. BW: What about labor's part of the job in terms of greater cost conscious-

FABRICANT: Well, I think-generally speaking-labor in the United States is well aware of the fact that the fundamental basis for an increase in real wages lies in the introduction of new methods and new materials. I think by and large labor puts relatively few obstacles in the way of innovation

of this type.

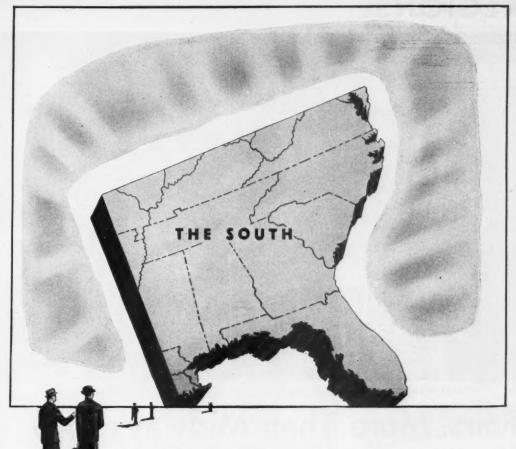
BW: Where can we make real gains to keep our productivity average

FABRICANT: I would prefer to say that we will obtain the greatest rise in the level of living of the American people, not by leaning on any one or two industries, but by increasing productivity in all industries. I think what we want to do is to preserve and enrich conditions in the economy that prompt businessmen in every line to seek out the newest methods, newest materials, newest products.

BW: Such as? FABRICANT: It comes down to the old story of private enterprise. The function of government fundamentally is to establish conditions that will permit the fullest exercise of ingenuity and enterprise within the necessary limits for protection of the public. The development of the OPA-type of economy, as we see today, is not the way in which we can stimulate enterprise. Enterprise operates most effectively under

a free price system. BW: What should a company do to

improve output per manhour? FABRICANT: If you want to improve, you've got to use every idea that can help you. That means, it seems to me, putting to work ideas of one's engineering staff. It means getting the ideas of workers, customers, suppliers of material. It seems to me what we have had in the past is a great cooperative process of finding new ways, new efforts, new ideas. You can't afford to ignore the bright gleam that appears in anybody's eye. Develop bright gleams, if you know what I mean.



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The sounds will be the centuries-old clamor of a country fair—but there's a difference. The country fairs are going slightly urban, and very businesslike.

Time was when the fairs' whole play was for the farmer and his family. There were livestock shows, carnivals, races, and thrill shows for the men; baking and jelly-making contests for the wives. Manufacturers' exhibits were keyed the same way; virtually the only industrial booths were for farm machinery and equipment.

• City Folk—Since the war, things have been changing. More and more city people have been going to the fairs. And farm people, still the backbone of the fair, have been getting more like city folk—from a salesman's eye view. With plenty of money in their pockets, they are ready and eager to buy the same things their city cousins are buying.

National makers of consumer goods have seen the point. They've begun to set up exhibits at the fairs, sometimes egged on by their local distributors. Fair managers now estimate that something like half of all national manufacturers now participate in at least one state fair a year, either directly or with their local dealers. Farm equipment makers still buy the most space at fairs, but radio and television, electric appliances, and heating and ventilating equipment are giving them a run.

 Upgrading—The fair managements are working to increase the trend. They figure on bigger crowds, bigger revenues, if they can upgrade the quality of exhibits, with the accent on industry.

The Middle-West Fair Circuit, representing 13 of the biggest state and regional fairs from Minnesota to Texas, has taken a big step to encourage industrial exhibitors. The circuit was aware of the trouble national manufacturers have in arranging space and getting

essential data from individual fairs. So it named May & Woodhouse, Chicago publishers' representative, as exclusive agent. Through this central agency, would-be exhibitors can quickly line up space and get marketing data for as many of the circuit's fairs as they want. • 7-Million People-May & Woodhouse estimate that total attendance at the 13 circuit fairs is about 7-million. Biggest in the group is the State Fair of Texas at Dallas, which last year drew over 2-million. Texas businessmen own and operate the fair as a nonprofit corporation. With 32 major exhibit buildings and over 1-million sq. ft. of space, an air-conditioned auditorium seating 4,300, a football stadium, and grandstand, the fair values its plant at \$35-

The fair itself runs for only two weeks in October, but trade shows, conventions, sporting events (including the Cotton Bowl football game), a summer operetta season, and a midway season climaxed by the fair weeks makes it a



USED TO BE, farm machinery had the industrial exhibit field pretty much to itself at midwest fairs. This one was at Topeka, Kan.



BUT NOW, all sorts of national manufacturers are appealing to the huge crowds. This washing machine drew throngs at St. Paul, Minn.



AND automobiles have joined the parade. Kaiser-Frazer took this exhibit to a good many fairs last summer, found the response was favorable.

BUSINESS WEEK . May 5, 1951

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We designed this lightweight, economical UPLIFTER with a special dual capacity feature simply doubling the coble doubles weightlifting power from 500 to 1000 lb.

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Regardless of the performance demanded in your products, consult Keystone for the wire to meet your most exacting specifications.



year-round proposition. Texas has been a leader in promoting the new look at fairs. Last year over one-third of the exhibit space was occupied by commercial and industrial exhibits.

Second largest, the Minnesota State Fair at St. Paul, last year drew 905,000 visitors in a 10-day run. Owned by the state, the fair is financed out of earnings. Investment in ground, building, and equipment is \$10-million. Last year 80% of exhibit space went to commercial and industrial exhibits, 20% to concessions, of which only 5% were carnival or midway type.

In third place attendance-wise, with 721,000 visitors last summer, is the Wisconsin State Fair at Milwaukee with a \$3-million investment in plant and buildings. As in Minnesota, the Wisconsin Fair is state-owned but self-

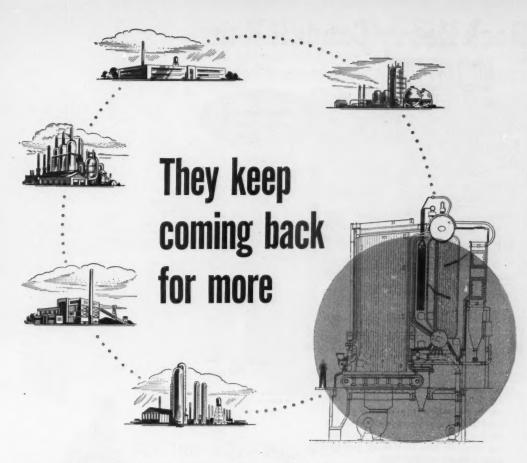
supporting.

• Special Building—Since 1948 the Wisconsin Manufacturers' Assn. has sponsored industrial displays in a separate "Wisconsin-at-work" building. Among the exhibits have been a working model brewery and a diorama of the Wisconsin River valley utility chain at work. Last year the building housed 58 exhibits, including a bank and investment display. But the management estimates that industrial exhibits amount to only 20% of the total.

Other fairs in the group include: the Ozark Empire District Fair, at Springfield, Mo., with a 1950 attendance of 174,389; the Missouri State Fair, at Sedalia, attendance 360,000; the Iowa State Fair, at Des Moines, 472,800; Nebraska State Fair, Lincoln, 278,000; Kansas State Fair, Hutchinson, 300,000; Kansas Free State Fair, Topeka, 450,000; Oklahoma State Fair & Exposition, 342,000; State Fair of Louisiana, Shreveport, 642,000; Arkansas-Oklahoma Livestock Exposition, Fort Smith, Ark., 31,000; and Oklahoma Free State Fair, Muskogee, 245,000. Estimated proportion of commercial and industrial exhibits in the other fairs ranges from 10% to one-third of space.

• Personal Note—The big advantage to national manufacturers is the chance to meet a cross-section of their customers face to face, to demonstrate their product under favorable conditions, and to build prospect lists cheaply. Exhibitors also have a good opportunity to cultivate goodwill among their future customers through the Four-H Club boys and girls and Future Farmers of America who take an active part in the

One enthusiastic convert to fair exhibits, the Textile Bag Assn., reports that last year, in Texas alone, for \$700 they distributed 421,000 sewing booklets telling women how to make feed and flour sacks into clothing. Mailing out the same number would have cost more than \$6,000. Other fairs produced



One thing that distinguishes a boiler from most other types of equipment is that its annual operating cost is more than its initial cost. In fact, the annual cost of fuel alone for the average boiler installation usually equals or exceeds the purchase price - and the purchase price of a boiler represents a sizable capital investment.

With fuel costing what it does today, it is more important than ever before to select a boiler that will assure the most efficient performance possible. That is why it is especially significant that people

who have bought C-E Vertical Unit Boilers - and know these boilers through their own experience-continue to buy them.

Just glance at the examples at the right. It's just a small sample of the plants - in industry after industry - that have ordered and reordered VU Boilers.

Why not investigate the VU Boiler for your next installation. Our recommendations as to the most suitable type of VU Unit for your particular requirements are available to you or your consultants

without obligation.

A Chemical Company ordered two VU Boilers in 1939. In 1946 five more were ordered for three of their other plants. In 1949 two more were ordered for one of these same plants, and in 1950 two more units for a fifth plant. In 1951 three more units were ordered for still another plant - thirteen units for six plants in twelve years!

A Steel Company now has a total of eleven VU Boilers in four different plants. Starting with three units in 1936, it has reordered three times . . most recently in the fall of last year with an order for three more units.

A Textile Manufacturer ordered two VU Units in 1936. Another unit was installed in 1940 and a third in 1944. Still another textile com any installed one unit in 1945, a second in 1949 and has just ordered another.

An Electric Utility Company Installed its first VU Unit in 1941. Two more units were ordered for another plant in 1947, a unit for a third plant in 1946 and still another for a fourth station in 1949.

A Refining Company ordered one VU Unit in 1937, another in 1940 and another in 1949 for one of its plants; also two in 1942 and one in

ALL TYPES OF STEAM GENERATING, FUEL BURNING AND RELATED EQUIPMENT

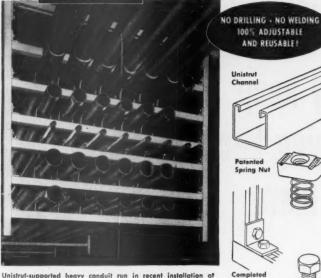


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Unistrut-supported heavy conduit run in recent installation of American Sugar Refining Co.'s Chalmette, Louisiana plant. Note how versatile Unistrut makes possible later additions or changes.

Try completely adjustable Unistrut framing the next time there's a need for pipe or conduit racking in your plant. It is easy to use, fast to erect, and requires little detailing time. Its trim framework provides great strength without bulk.

Unistrut's flexible design permits extreme accuracy of installation—is adjustable to a fraction of an inch. Additional framework, clamps, or hangers may be added quickly, easily, without disturbing existing runs. No drilling, no welding, no special toolsorequipment needed. Unistrut saves time, cuts costs, in erection and maintenance.

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Fige Clamp and Channel

Completed Assembly

U. S. Patent Numbers 2327587 2329815 234565 2363382 2380379 240563 Other patents pending



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similar results. The Textile Bag Assn. is the first to sign up for the exhibit space at all 13 fairs this year through May & Woodhouse.

According to Oklahoma officials, Kaiser-Frazer last year obtained 76,000 names in six days at a cost for space of \$300.

At Dallas, the Southwestern Bell Telephone Co. exhibit in 1950 drew 368,000. Visitors spent an average of 10.5 minutes each in the exhibit, an estimated cost of about half a cent per minute. May & Woodhouse estimate that the cost of 100 sq. ft. of exhibit space at each of the 13 fairs included in the Circuit would run approximately \$2,000.

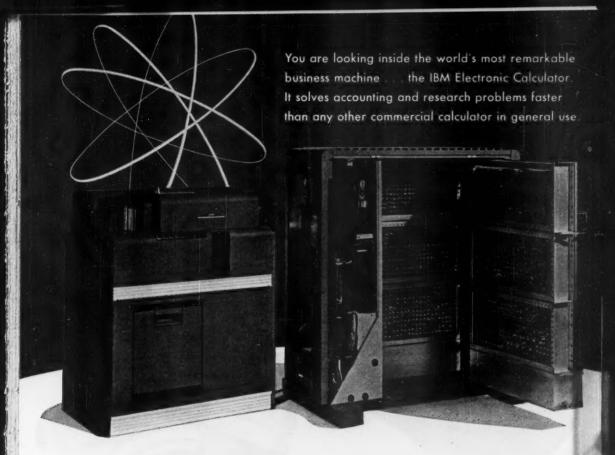
• Long Range—Fair managements view improving the quality fair exhibits as a long-range project. Some of the more successful fairs already have more applications for space than they can supply, with waiting lists from year to year. Others lean heavily on the carnival or midway concessions, since these normally pay higher rates than commercial exhibitors.

One big obstacle: Some manufacturers are reluctant to buy "package" exhibits in the 13 fairs because they fear that they would eventually be forced into going into all 48 state state fairs, and also into many regional and district or county fairs.



TV's Big Finger

Something new is being added to the top of New York City's Empire State Building. It's a 222-ft. television transmission mast, which will project like a long finger above the skyscraper. The new mast is scheduled to start carrying telecasts on July 1. Bad weather delayed the construction, which will cost nearly \$1-million on completion. Five stations will use the new outlet.



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HE SKIN NOBODY LOVES TO TOUCH

It's the skin that forms on paint. It's a mess, a nuisance to get rid of, and it represents waste of a good product.

It's caused by air getting into the can and oxidizing the paint. The way to stop paint skin from forming is to keep air out. Some paint-can tops aren't nearly airtight enoughparticularly when the can has been opened and re-closed.

So Continental's development engineers came up with the "Tripletite" friction can. The top on this can is so designed that it grips the metal of the can itself at three places. If any air seeps by the first seal, it is sure to be stopped by the second or third seals.

This ingenious construction protects against oxidation and also prevents loss of vital paint ingredients. All the standard paint cans Continental makes these days have this "Tripletite" feature. Watch for it the next time you open a can of paint.



If it's a packaging problem—it's our baby!

When you buy cans, drums or other containers from Continental, you can be certain that not only are you getting the best possible product now, but you'll get even better ones in the future. We've never seen a container so good that somehow it can't be made better. Right now over four hundred Continental research and engineering technicians are doing their best to improve the design and quality of scores of containers. Your product might look good-and sell faster-in one of them.



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TAXES

Lose With Profit

Get rid of your property and lease it back—and you'll be money in. It's one way to duck skyrocketing taxes.

Tax-bitten corporations, trying to figure out a way to scratch without removing all the skin, aren't overlooking the sale and lease-back deal. By that arrangement, a corporation that needs working capital sells its property—often to a nonprofit institution—and rents it back on a long-term lease.

It's one way to bypass restrictions that already exist in a bond indenture or loan agreement; it gets around restrictions usually imposed on borrowed funds; and it offers a way to do financing piecemeal. In some cases, it ends up providing more net capital than other forms of debt financing.

 Why Sell and Lease-Back?—In backbreaking excess profits tax years, corporations are quick to add up the advantages:

• Under the lease, regular rent payments are 100% deductible from taxable income.

 The depreciation deduction is lost when the property is sold; but the rental payments may easily be far more than the depreciation on the property. The rental deduction runs for the lease period.

 The lease can require the tenant (the former owner) to pay real estate taxes, repair, maintenance, and alteration costs. All are deductible annually over the term of the lease.

 Bureau of Internal Revenue arguments on the estimated life of the property for depreciation purposes are completely eliminated.

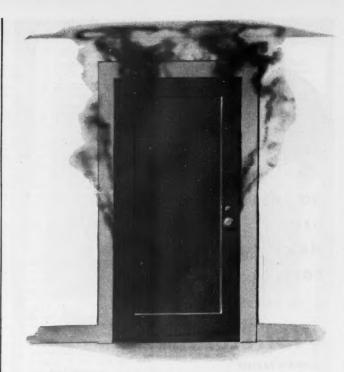
 Profit on the use of the cash secured by the sale may more than compensate for interest figured in the rental.

 Where undeveloped land is involved, a deduction for the value of the land is created where no deduction existed before. (Land is not depreciable for taxes.)

There are two tax factors involved in sell-lease arrangements: (1) deductible loss and (2) rental deductions.

• Deductible Loss—Here's how one corporation used sales and lease-backs to establish a deductible loss:

ABC Corp. owns some property that it needs for business. The property has a book cost to the company of \$100,000. But it's now worth only \$20,000. ABC sells it for \$20,000 and immediately leases it back



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for 20-25 years. The company can deduct a loss of \$80,000. And if ABC is in the 77% excess profits tax bite bracket, the cut in its tax bill is no less than \$61,600.

Of course, you have to be sure that this kind of sale can stand up under BIR scrutiny. The U.S. Tax Court could see nothing wrong in two recent business sales and lease-backs (Standard Envelope Mfg. Co., 15 T. C. 41, and May Department Stores Co., 16 T. C. 67).

The writing on both contracts reads pretty much the same: There was no agreement to resell the property to the seller at some future date; the buyer and seller were not closely related; the sale price was in line with the market; and the amount of the rental agreed upon was fair.

• Rental Deductions—The other factor involves rental deductions. For example:

XYZ Corp. has a building worth \$100,000 that it uses in its business. The company annually deducts depreciation. The value of the land has increased considerably over the time XYZ has held the property. Property is now \$200,000, so the company undertakes a sale and leaseback. It includes in figuring its annual rent, which is deductible, \$10,000 for the value of the land—for which it could have taken no amortization under the tax laws.

The company pays a ceiling 25% tax (\$25,000) on its capital gain. But over a period of years its rental deductions will more than offset the \$25,000 plus the former depreciation deduction.

Also, the corporation gets an immediate increase in its excess-profits credit (BW-

Mar.31'51,p(+) for up to 12% of the gainless the 25% tax paid.

• Tax-Exempt Buyers—Educational and charitable organizations, and insurance companies have been heavy buyers in these deals. Because of their peculiar tax status, they didn't give a hang whether payments received from the lessee were for rents, or just repayments of loans. The new owners didn't have to pay any tax. For a while, the whole arrangement was a corporation tax man's dream: Rental payments were 100% deductible by the tenant; the landlord paid no tax on rent receipts; and no penalty was imposed even if the buying institution borrowed the money to swing the deal.

• Congress Clamps Down—But it was too good to last. Last year a much-prodded Congress began to crack down. Objections to the sale and lease-back revolved around the "selling" of the tax-exempt status of these organizations. So Congress passed the Revenuc Act of 1950, which now taxes to the charity landlord the rent receipts (1) if the lease runs for more than five years, and (2) if money is borrowed by the tax-exempt organization to buy rental property.

An option to renew the lease is counted in determining the term of the lease. For example, a three-year lease with a three-year option is a six-year lease. Rental income in the first year of the lease comes under the taxing provision. Leases for one year, with annual options for renewal, are in the clear until the start of the fifth

your investments have to earn this much in order to equal your yield from a 1 ½ % tax-free bond:	and your invest- ments have to earn this much to equal your yield on a 2½% tax-free security;
2.42%	4.03%
3.41%	5.68%
3.95%	6.58%
4.84%	8.06%
6.00%	10.00%
7.89%	13.16%
13.64%	22.73%
15.00%	25.00%
	have to earn this much in order to equal your yield from a 1½ % tax-free bond: 2.42 % 3.41 % 3.95 % 4.84 % 6.00 % 7.89 % 13.64 %

Tax-Free Bonds May Be the Best Bet

If you're in the higher income brackets, you'd better do a little pencil work before you make any investments. You may be money in by investing in 1½% tax-free bonds. For example, if your taxable income amounts to \$75,000, your investments must

yield more than 7.89%; otherwise a 1½% tax-free bond is a better bet. The 7.89% return is taxable, so you get to keep only an amount equal to the amount from the 1½% bond. And returns on a 13.16% return equal the return from a 2½% tax-free bond.

year; then it's a lease for more than five years. The rent paid at the begin-

ning of that year bears the tax.
• Individuals Unload—The little man isn't going to be left behind if he can help it. Here's how one small businessman protected his capital:

Mr. and Mrs. Brown were in the coal mining business. They wanted to provide financial security for their children. So they created some trusts. Then they transferred a 35-acre tract of coal land and another plot to the trusts. But before they turned over the property, they made sure the trusts would lease the property back to them. Under that lease, the Browns mined coal for five years, on a royalty basis. In one year, they paid \$20,000 in rentals and royalties, all deductible from their tax

BIR opposed the deduction. It claimed that the Browns were only making periodic gifts to their children; they were shifting nominal ownership to their children in a lower surtax bracket; but actually they were holding on to the income and to the property producing the income.

The U.S. Tax Court agreed with BIR. But the Circuit Court overruled them-it allowed the deductions.

· Hide Debt-For a while, businessmen used sell-lease instead of borrowing, for still another reason: to avoid showing the debt on financial statements-until the Securities & Exchange Commission moved to put through legislation requiring corporations to disclose annual rentals, where significant.

Widows of Employees Taxed on Payments

Payments made by a corporation to the widow of an employee may, for a reasonable period, be deducted as an ordinary and necessary business expense by the company. But the Bureau of Internal Revenue has just ruled that the widow must pay income tax on the payments.

The BIR's new ruling apparently assumes that the payments to the widow are based on the services rendered by her husband, hence, not a gift. The ruling holds whether the payments are voluntary or involuntary, definite or

Tax experts criticize the BIR ruling, saving that widows should not be taxed on payments intended as gifts. One of the most recent court decisions (Sutro v. United States, 1942-2 USTC 10, 215 (DCCal 1942)) held the payments were tax free when:

· Corporate stockholders had approved the payment as a gift.

· The corporation was willing to make no deduction on its tax return.

• The widow was in actual need.

THE FLOOR of this film storage room of the new Eastman Kodak Company branch, Balles, Taxas, is being insulated with PC Foomglas. Later, a concrete waaring floor will complete the installation. Foomgles also lines the walls and ceiling of this room. Architects: Thomas, Jameson & Merrill, Delter, Taxas.



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TV Slump: The Old One-Two

Television is feeling all the troubles of the appliance business generally, plus some dillies of its own. Market is limited by station freeze, may be nearing partial saturation.

For the last couple of years television has been racing along like a pup on a spring tear. Early this year, a jerk at the leash pulled it to its haunches, almost threw it.

Two sets of factors seem to be at work.

The first set contains the elements that could and did complicate the picture for all industry: the reaction from the panicky overbuying that followed Korca, the government's anti-inflation measures, and the strain on consumer budgets that comes with the higher cost of living.

The other set is more peculiarly television's own. After several years of breath-taking growth, this lusty adolescent has run into the economic facts of life that sooner or later hit any newcomer in the appliance field.

• Grim—At the beginning of the second quarter, the outlook could only be described as grim (page 126). Early April estimates of inventory ran from 1-million sets to almost twice that. First-quarter output is estimated—subject to later revision—at nearly 2.2-million sets by the Radio-Television Mfrs. Assn. This is not quite the helter-skelter pace of the last quarter of 1950, when the industry turned out 2.5-million sets. But it is a 37% increase

over the 1.6-million sets produced in the first quarter of last year.

And buying is at a snail's pace. Production was cut back; layoffs—temporary or indefinite—are the order of the day. Most companies talk cut-backs of about 30% for the second quarter. A few big companies, such as Admiral and Majestic, cut prices. Dealers' credit for the sets they aren't selling is wearing thin.

• Reasons—Most manufacturers concede that during the first quarter they overproduced. The ever-present fear of shortages made them hustle for all they were worth while they could still get the stuff.

Dealers see their bugaboo in the credit restrictions of Regulation W. It was close to the death knell for sets selling at over \$200 or \$300, they say. One dealer reported that if he could have advertised a set with no down payment, he could have sold more than if he advertised a receiver at half price. Besides, after the post-Korea buying spree, sales were bound to slump.

To Martin Codel, editor of Television Digest, one of the biggest sales blocks is the high and higher cost of living—plus taxes. There isn't much spare cash left to spend on TV.

The color controversy seems to have



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NEARLY every Studebaker truck that you see is rolling up an operating economy record of some kind. Check with owners and you learn how true this is.

You'll find, quite often, that there's convincing proof for you to look at—figures that show a Studebaker consistently outscoring a truck it has replaced—leading impressively in mileage per gallon—and also in savings on upkeep!

Studebaker trucks are able to excel in low operating cost for two reasons—they are free from needless dead weight and therefore use gasoline very sparingly—they're built with wear-resisting soundness in every detail.

Put the extra pulling power, staying power—and earning power—of a Studebaker truck on the job on your hauling. Stop in right away and "talk truck" with a Studebaker dealer near by.

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Two great Studebaker truck engines—the Econ-o-miser—the high-torque Power-Plus—assure you the right pulling power for your requirements—provide top performance with fine gasoline mileage.



Drivers like the easy handling and weather-light comfort of Studebaker trucks. Variable-ratio steering. Modernly designed springs. Adjustable seat with "finger tip" control and Adjusto-Air cushion.



World's eosiest trucks to service et home—er on the read! No standing on a box I A new kind of "lift-the-hood" accessibility puts engine, ignition, instrument panel wiring within easy arm's reach.



Low cab floor and fully enclosed safety steps simplify getting in and out. Big-visibility windshields and windows. Adjustable ventilating wings. Secure rotary door latches. Striebsher. South Bend 27, Indiane, U. S. A.



This Duncan-Hines-approved Coffee Shop at Arlington, Virginia, uses two Frick unit air conditioners, each of 5-hp. size, to cool its dining rooms in summer. Two Frick

refrigerating units also keep proper temperatures in four cold storage boxesfor fruits, vegetables and meats. Installation by Harvey W. Hottel, Inc., Frick Distributors in Washington, D. C.

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been a negligible factor. academic now," says one companythough it may have contributed to the dead stop of the high-priced consoles. Table sets are doing better.

· Saturated?-Beyond these matters that are more or less common to all appliance trades, there is a basic question. Is TV approaching a saturated market?

Industry spokesmen are almost unanimous in saying no. A few dealers say cautiously: Maybe, in New York and Chicago. William Blees, Crosley general sales manager, warns that the saturation point is near. A few others admit to qualms. But the no's have it.

Yet for all that, there is evidence that the industry is shifting its sales stance. You can't go on selling 7.5-million sets a year-the 1950 figure-unless you work at it. And there's no doubt that tele-

vision is working at it.

· Pattern-Apparently, TV is following the typical pattern for the electrical appliance industries. That pattern was pointed out 11 years ago in a study by the Temporary National Economic Committee. When a new appliance comes on the market-a vacuum cleaner, refrigerator, washing machine-it's a luxury item. Gradually, as more production brings prices down, the market broadens. Sales shoot up and, as with radio, practically sweep the field. But the cream of the crop is gone.

· Market Limits-Television's case is in some respects unique. As of now, its market can't spill all over the place. The Federal Communications Commission's freeze on new stations is still in effect, though the unfreezing is under way (BW-Mar.31'51,p21). The real end won't come till fall or winter.

As a DuMont spokesman put it, "There's nothing wrong with television that 12 new stations won't cure." Meanwhile, you can sell sets in areas now served by TV stations-and that's it.

Even within those limits, the industry won't say it's saturated. Estimates of how close to the saturation point it is vary. Some put the figure as high as 60% for New York. According to Robert W. McFadyen, manager of NBC's Television & Sales Planning Dept., 46% of the families who live within the reach of TV have a set.

Industrial Surveys Co., market re-searchers, breaks down TV ownership into four income groups, with Group A at the top. Its figures run like this: In Group A, 32% of families within reach of TV have a set; in Group B, it's 26%; in Group C, 24%; and in Group D, the lowest income group, it's 16%.
• Low End-That indicates, as you

would expect, that the biggest untapped market is to be found in the lowestincome range. The problem, then, is to catch that market.

But right here is one place where the two sets of factors-the normal and the Service from





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Selection and application of the three classes of gear units. Advantages of these low-





abnormal-begin to bump into each other. The low income groups are the likeliest bets for instalment sales. And because of the tougher terms required by Regulation W, they just can't make the grade. They are also the ones who feel the rising c-of-l the most.

One answer to this is to push the low-end models.

• High End—The industry is by no means willing to write off the middle-and upper-income groups as saturated.

First, there's the replacement angle. One big chain outlet says its best business right now is the replacement sale. People who bought 7-inch and 10-inch receivers a couple of years ago are trading them in for bigger screens. Most dealers who take trade-ins say there's a good enough sale for them so that the dealer isn't losing money on them.

The second angle is to push the twoset market. Only 2% of all TV owners have two or more receivers, one company estimates, while more than half the radio owners have two or more radio sets. This gives TV hope for doing something along the same lines.

• Promotion—The big indication that the industry knows it has a sales job is the heavy promotion it's putting on: Davega's offer this week of a big Admiral console with a radio-phonograph thrown in for free; DuMont's "use the user" parties, wherein the hostess, who owns a set, entertains some friends—and a DuMont representative—gets a cash prize for every guest who buys a set.

• Pattern—TV people generally admit that, regardless of such externals as Regulation W, regardless of materials shortages, they are at the point where they would have to cut back production some anyway and do some selling.

What's happening, says Martin Codel, is that the industry is learning its marketing pattern. Come spring, come baseball, sales pick up—as there are signs of its doing now. Come summer and nice weather, there's a slump. Come fall, you have baseball again and football, and soon, Christmas. As the pattern clears, production and promotion can be cut to fit.

There's one more vital factor that has enabled the industry to smile through its tears: the certainty of shortages to come. Cuts in steel, nickel, and tungsten would forge a cutback even if the market didn't. RCA and General Electric both say shortages are the only reason for their layoffs this week. Television Digest talks of a cutback in tubes of as much as 50%.

This could hurt sales though military orders eventually will take up some of this slack. But the prospect of shortages works another way; it's one reason why television isn't going all-out for price cutting. As one spokesman put it, "The set that isn't selling now will be worth its weight in gold in September."





MOVING TEAMS make or break a mover's reputation with the public. These men have learned a handle-with-care technique in training courses at Bekins Van & Storage.



1 Uniformed movers arrive—on schedule—at Mrs. Ethel Levin's Los Angeles home.



4 Three-blanket wrap protects stove. Job looks complicated, but takes only 14 sec.

California Moving Day: Easy, Cheap

In California, moving day is a relatively minor ordeal, apt to be over quickly. And when it is, you have a better chance of finding your household possessions intact and undamaged than almost anywhere else in the country. The job will probably cost you less, too: Moving rates run about 15% or more under Chicago or New York prices.

California is a restless, growing place. Moving goes on all the year round—not just on Oct. 1—and every year there are more and more people coming into the state. This steady flow of business has produced a scrappy, progressive group of movers.

• Exponent—One of the best examples of the California style of moving is offered by Bekins Van & Storage Co., the West Coast end of the 30-odd-yearold greater Bekins system (it covers 12 western states, did a business of \$15million last year).

Key to the Bekins operation is the driver, the man on the firing line. The company hires young men, sends them to a driver-training school where they take up no less than 23 subjects. Bekins men learn not only how to drive safely, but also how to load vans, how to shift furniture without scratching it, how to handle rubber-lined hand trucks—and how to leave a good impression on the moving public.

The system has been so successful that some 20 owners of hauling firms across the country have sent their sons to study the Bekins system. Competi-

tors call up for advice—and Bekins gives it. "We don't have any secrets," says Milo W. Bekins, head man of the Bekins network. "What we've learned we're happy to share."

With mobilization under way, Bekins is now busier than ever. People are moving to new areas to take up defense jobs; families are following military personnel to new posts. A typical move last week by Bekins was the mass transfer of 133 Douglas Aircraft Co. employees from Los Angeles to Douglas' new Tulsa plant. That job required 60 huge vans.

• Others, Too-Though the Bekins operation may be unique in details, the same over-all approach is used by most California movers. One, for instance,





They set about work following a planned Mrs. Levin doesn't have to pass the Movers put them into special boxes.



On way to new home, about a mile away, movers stop for a snack at roadside stand. Bekins deducted time from Mrs. Levin's bill, which came to \$37.50.



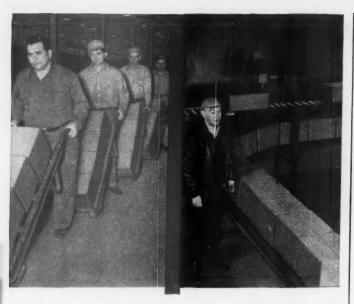
Before they leave Mrs. Levin's new home, Mrs. Levin is settled, but Bekins' job movers set up furniture and attach the electric appliances.



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TABLE

supplies a pre-moving-day kit to all its customers. Step-by-step instructions spell out what should be done to make the shift as easy and fast as possible. The same company also gives the house-holder a booklet filled with tips on how to get settled quickly once the move is over. It even supplies a shopping list of things that should be in the refrigerator for the first day.

MARKETING BRIEFS

New threat to druggists: "Feed stores and hatcheries cast a covetous eye on the animal and poultry health goods business," according to Drug Topics. This comes at a time when druggists are already worrying about the inroads of supermarkets and other outlets in the drug business (BW-Dec.9'50,p56).

Milk concentrates are causing more upsets in the milk market (BW-Mar. 31'51,p86). The Vermont dairy industry has become so concerned about the new concentrates that the legislature has appointed a commission to study the problem.

Federated Department Stores had a very good year. Sales for the 12 months ending Feb. 3 came to slightly more than \$389-million—a gain of \$30.5-million over 1949. Earnings after taxes were 4.7% of sales as against 4.4% the year before.

Shoe orders were slow at the Boston show of the New England Shoe & Leather Assn. Experts gave these basic reasons: (1) Production over the past 12 months beat retail sales by about 20-million pairs; and (2) consumers overbought in December and January.

U. S. Tobacco Co., one of the oldest smoking tobacco and snuff companies in the country, has finally moved into cigarettes. It has purchased Fleming-Hall Tobacco Co., Inc., for \$4.3-million. That gives U.S. Tobacco three cigarette brands—Sano, Encore, Sheffield.

Colored oleomargarine lost out in Pennsylvania. Measures to allow sale of yellow oleo were killed off in the legislative committee. Proponents of oleo will make another try.

A new TV "translator" that will allow any set to receive telecasts on ultrahigh-frequency channels was announced by General Electric. FCC has proposed nearly 2,000 new UHF and VHF (very high frequency) allocations.

No Peace for Exclusive Dealing

Mobilization hasn't softened antitrusters any. Justice Dept. is pushing Case and Richfield actions. FTC is also busy.

Businessmen who have worried about antitrust actions against exclusive dealing will have to go right on worrying. Mobilization has changed nothing. Government antitrusters are still tightening the screws on companies that try to prevent their dealers or wholesalers from carrying competitive products.

• Two Fronts—The pattern came clear this week as the Justice Dept. pursued two important exclusive dealing cases in the fields of farm implements (J. I. Case Co.) and oil (Richfield Oil Corp.). All told, Justice now has five such suits pending; they all arise from Section III of the Clayton act.

Meanwhile, the Federal Trade Commission—which holds concurrent jurisdiction with Justice over these cases—has no less than nine exclusive dealing actions pending. Most significant of these is the one in the field of retailing (Gamble-Skogmo, Inc.).

• Key Case—The current activity is enough to confirm the fears raised in the trade back in 1949 when the Supreme Court rendered its decision in the famous exclusive dealing case against Standard Oil Co. of California

(BW-Jun.18'49,p21). The Supreme Court's decision nailed this down: It is illegal under the Clayton act (1) to require your customers to buy all their needs from you, and (2) to bar them from buying goods from others. This holds whether or not the supplier has a dominant position in the market.

That was a key case. At the time of the decision, the Justice Dept. already had four other similar cases pending—against Richfield, Case, Deere & Co., and International Harvester Co. The California Standard case paved the way for another in the same field—against Sun Oil Co.

• Case's Case—First of the agricultural implement cases (BW—Sep.24'49,p87) to reach court is that against Case. The Justice Dept. has just completed its argument against Case in the Minneapolis Federal District Court. The defense has until May 21 to prepare its

In the agricultural implement cases, Justice charged that the three companies had suppressed competition by exclusive agreements with retail dealers. It argued that these contracts prevented competing manufacturers of farm machinery from using these outlets. Said Herbert A. Bergson, Assistant Attorney General, at the time the cases were brought:

The average farming community

can support only one or two farm machinery dealers. Naturally, these dealers must be able to supply their customers with a full line of equipment. . . . A necessary consequence of such a requirement is not only to restrict the farmer's choice but also to deny to other manufacturers, and particularly short-line' manufacturers, the opportunity of the available business.

• Richfield—A decision on Case is many weeks away. Meanwhile, the second oil case—against Richfield—is due to get under way in Los Angeles. The judge who will hear it—Judge Leon Yankwich of the Los Angeles Federal District Court—is the same one who heard the California Standard case.

• FTC Moves—The Federal Trade Commission moves in the same general direction as the Justice Dept. But FTC lawyers tend to play down the importance of the California Standard case. They point out that long before this case came to court FTC was successfully cracking down on exclusive dealing via cease-and-desist orders.

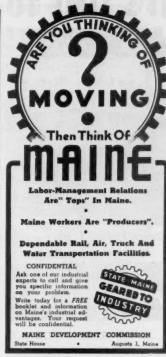
Since the war, FTC has issued eight cease-and-desist orders to companies involved in exclusive dealing. Some outstanding orders have been those issued to National Pressure Cooker Co. (1948); Horlicks Corp. (1950); and Automatic Canteen Co. (1950), which is taking the order to court.

In the postwar period FTC has also brought nine new complaints against exclusive dealing practices—three of them in the hearing aids field (Dictograph Products, Maico Co., Beltone Hearing Aid Co. Other cases have dealt with sparkplugs, cosmetics, motorcycles, carbon paper rolls. All nine are still pending.

• Into Retailing—The action against Gamble-Skogmo, Inc., big midwestern auto supply, appliance, and soft goods chain, marks a new departure for FTC. Its other exclusive dealing actions have been against manufacturers. With the Gamble-Skogmo case it has moved into retailing.

retailing.
ITC has attacked the relations between the chain and its 1,800-odd independently owned authorized dealers.
The commission charges that Gamble-Skogmo sells its merchandise on the condition that the purchasers shall not deal in similar merchandise of competitors. It also maintains that this exclusive dealing policy is "rigidly policed and enforced" through coercion and intimidation of retail dealers.

• More of Same?-The Gamble-Skogmo action poses a question: Will





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FTC move deeper into retailing? Obviously, there is plenty of opportunity for it to do so. Take autos, where exclusive dealing has long been an accepted practice, or drugs, where some drug chains also deal with their agent stores in the manner of Gamble-Skogmo. Or again, there is wholesaling, where exclusive contracts are not uncommon.

• Practical Results—What effect does

• Practical Results—What effect does antitrust action actually have on the daily operations of business? If the government wins an exclusive dealing case, will this upset a company's traditional

marketing policies?

Judging from what has happened at
California Standard since the Supreme
Court decision the answer appears to
be, "Not very much."

California Standard is reluctant to talk very much about the subject while the Richfield case hangs over the oil industry. But what it will say indicates that the decision against it has left its marketing setup pretty much as it was.

Of course, after the decision Standard rewrote its dealer contract to eliminate the exclusive dealing sections. But despite this, the company says:

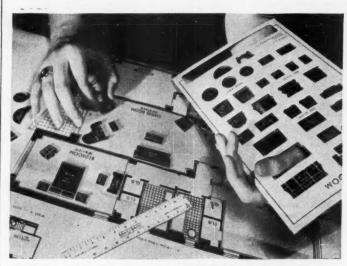
(1) Its competitive position has not materially been changed. These are its words: "The over-all competitive position has generally been maintained. It is difficult to isolate the effect of the Supreme Court decision from other factors."

(2) It has not replaced independently owned gas stations with company-owned ones. A fear that this would happen was expressed by Justice Douglas in a dissenting opinion in the California Standard case. He thought that the "elimination of these requirement contracts sets the stage for Standard and the other oil companies to build service-station empires of their own." He thought that this would "wipe out large segments of independent filling station operators."

Standard on this point says laconically, "The company has continued its normal station development program. Its proportion of company-owned stations has not increased."

(3) Its dealers have not made any widespread shifts to competitive products

• Not All Legal—This raises an interesting point. There is nothing illegal about exclusive dealing in and of itself. It's only when exclusive contracts are written or when coercion enters into the picture that it becomes illegal. Antitrust lawyers themselves point out that if a company can manage to find dealers or wholesalers who want to be loyal—of their own volition—well and good.



Realtor Helps Grownups Play House

It's difficult for prospective tenants to tell how big their apartment is going to be just from the floor plan. To help them visualize, Bing & Bing, Inc., New York real estate and construction company, has designed a set of cardboard cutouts of furniture. Each piece is drawn to the scale most commonly used in apartment house floor plans—4 in. equals one ft. There are 50 pieces, all the essentials plus a love seat, baby grand piano, chaise

longue, and a hope chest. All you have to do is press the die-cut pieces out of the card-board frame and place them on the floor plan. Bing & Bing has copyrighted the device under the name "Min-U-Teriors."

The company is using them now to aid prospective tenants for its new building on East End Avenue in New York City. It plans to make them available to the public and other real estate companies in the future.

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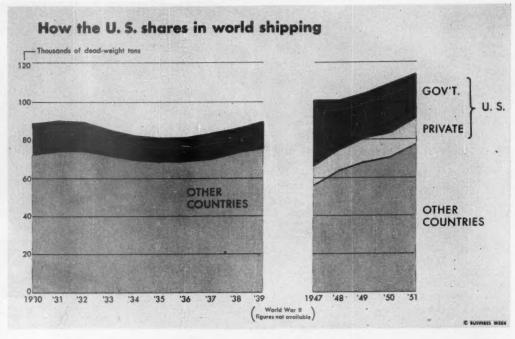
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TRANSPORTATION



Big Cargo Fleet Not Big Enough

There are more ships afloat today than ever before—and the world faces a critical shipping shortage.

• Biggest in History-Figures collected recently by the National Federation of American Shipping show that foreign and U.S. fleets are the biggest in history. They total more than 11,000 ships, with a combined carrying capacity of 180-million deadweight tons. In addition, there are more than 1,000 ships on order in world shippards. Some 800 of them will slide down was this year and next.

down ways this year and next.

Nations that before World War II never owned a merchantman are big shippers today. And both Germany and Japan have begun to rebuild their warshattered fleets without restriction. All limits on number, size, and speed have been lifted. The Japanese fleet will pass 3-million tons within a year. German merchant ships totaled only 450, 000 tons in 1949; they'll reach 1.2-million tons in 1952.

• Signs of Shortage—But even with this huge armada afloat and under construction, there just aren't enough ships—or at least enough of the right kind of ships—to keep up with demand for space. Right now materials for U.S. strategic stockpiles are piling up on foreign shores. Estimates are that almost 1-million tons of needed raw materials are stacked in Indian and East African ports waiting for a ride to the U.S.

The tell-tale of shipping shortage shows up, too, in rocketing freight rates. For most commodities, they've hit a new high. Coal rates, for instance, from Hampton Roads to Antwerp and Rotterdam have leaped from \$4.10 a ton last November to \$13.75 a ton today. Before Korea, chrome and manganese could be hauled from India and Africa's east coast to the U.S. for \$8 a ton. It costs \$19 a ton to move them now. Shipping wheat from the Gulf of Mexico to Britain costs \$19.50 a ton-about three times the rate of nine months ago.

As further evidence of a pinch in shipping, the government's National Shipping Authority is putting government-owned ships into service under general agency agreements with private operators. And in Britain, the government threatens to put the entire merchant fleet under its control.

• Why Ships Are Short-How is it that on the face of it there are so

many ships, yet in fact there's such an acute shortage? The Korean war, of course, is one reason. Not only has a lot of shipping space been diverted to actual support of the war, but probably a far greater portion has been absorbed in handling defense materials all over the world—shipments of which expanded greatly as a result of the war.

 Shift to Bulk Cargoes—This caused a shift in the whole pattern of trade. Demand for bulk carriers stepped up as cargoes changed from packaged goods to ores and other strategic materials. Statistically, there were enough ships to meet this volume, but not enough of the right kinds of ships—the bulk carriers.

The case of British shipping is typical. The British merchant fleet totals 22.5-million tons of which 12.5-million tons are dry cargo carriers. And only 750,000 tons are the bulk carriers so badly needed.

Accentuating this problem is the fact that the wheat and coal trade across the Atlantic has been heavier than normal this year. Floods in Britain have so retarded planting that officials now figure they will have to

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import 500,000 more tons of grain than they had planned. This will put increasing demands on bulk cargo space.

Of course, dry cargo carriers can be converted to handle bulk cargoes. But it's an expensive job. For the grain trade, you have to install "shifting boards"—partitions across the holds to keep the shifting grain from piling up and giving a list to the ship. It costs between \$10,000 and \$17,000 to put in these boards. Owners of dry cargo vessels are reluctant to make this investment—particularly since they make more profit on packaged freight.

• A Fifth in Reserve—Another reason why there don't appear to be as many bottoms available as there should be is that there aren't as many seaworthy ships as world fleet totals indicate. Fully 1,800 ships—or almost a fifth of the world total—are laid up in the U.S. reserve fleet. These are World War II Liberties for the most part.

Theoretically, they could all be chartered to U.S. private operators. But actually, only 220 vessels from the reserve are under bareboat charter.

• Reconditioning Cost—Cost again is the problem. Today a private operator has to lay out about \$150,000 to get each ship he charters from the U.S. Maritime Administration into service. Ordinarily, USMA is supposed to foot the bill for the major reconditioning expenses—usually about \$100,000 worth. But right now USMA is broke. It had used up all its fiscal 1951 appropriations by last January in getting ships out of reserve for the Korean run. And it had to borrow \$37-million from the Navy and ECA to outfit the vessels.

So until Congress grants USMA another appropriation, private operators will have to put up all the reconditioning money themselves. They can amortise it later against the charter-hire payments they make to the government. But unless they are sure of a long run of profitable trading, they just don't think it's worth the risk.

• Red Tape—If the cost factor doesn't stop the private operator from chartering ships from the reserve fleet, red tape probably will. Last year Congress amended the ship sales act of 1946 to require USMA to hold hearings on each application for a charter. In these, the operator has to prove that there are not enough ships active to do the job he wants to do and that the job is in the national interest. That takes a lot of documentation and a long time to prove. It discourages many.

USMA's power to sell ships outright from the reserve fleet expired Jan. 15. But in the two weeks before the door closed, private U. S. companies bought 131 ships from the government.

This may be one reason why private operators are chartering so few

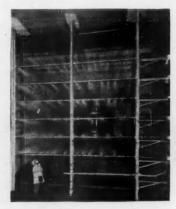
ships from the government. They may be waiting to see what effect these recent purchases are going to have on the market, before hiring more ships to compete with them.

• Military Needs—The military has its own idea of a merchant marine, and it doesn't mesh closely with what we have now. The Joint Chiefs of Staff want: first, double our present trooplift capacity of about 500,000 men; second, at least 50 over-20-knot tankers of 30,000 tons each; third, a full-scale program to replace our reserve fleet with high-speed 12,500-ton Mariners.

Industry is reluctant, however, to build any more ships on its own, even with Washington paying for the "defense features." Costs are skyrocketing. The \$250-million appropriated last fall for USMA to build 50 Mariners will now buy only 35. The future is uncertain. If war should come, the government would take over all merchant vessels anyhow.

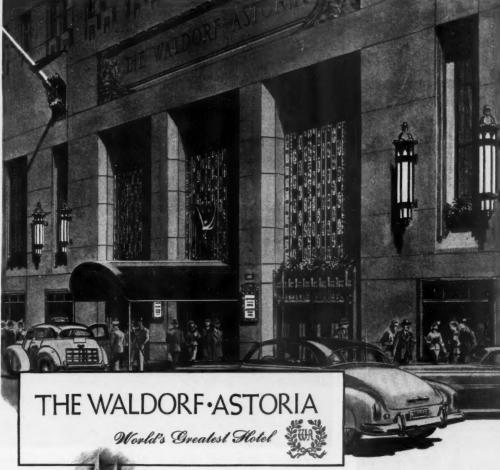
• Government Building—If private enterprise won't build what's required, government may have to. One plan is to build 20 troop ships for Military Sea Transport Service that would later be convertible into passenger liners.

The military wants large high-speed tankers that would be convertible to fleet oilers in wartime. Right now there isn't a single tanker in the privately owned fleet capable of traveling faster than 18 knots.



Icing Clouds-Inside

Cold air is big business, important business, at the Lewis Flight Propulsion Laboratory in Cleveland. To learn the answers to high-altitude jet engine problems, the National Advisory Committee for Aeronautics has made the lab the largest refrigerating plant in the world. One of its four cold-making installations makes the equivalent of 30-million lb. of ice every 24 hours. The picture shows the lab's new spray generating equipment, which manufactures icing clouds.





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AUTOMOBILES FROM WEST GERMANY dominated the International Auto Show in Frankfurt. Of the 518 exhibitors representing nine nations, 470 were from West Germany. The show featured modern cars and light trucks. Over 300,000 drifted through the displays.

West Germany on Wheels

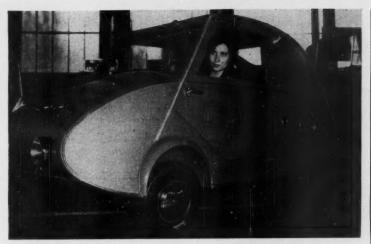
West Germany walked away with the International Auto Show held in Frankfurt, Germany-the first in Western Germany for 13 years. Nine nations were represented, but 470 of the 518 exhibitors were from West Germany.

The exhibition spotlighted the enormous strides Germany has made in manufacturing comeback. Five years ago, the Big Five (Volkswagen, General Motor's Adam Opel A. G., Daimler-Benz, Ford, and Borgward) produced only 1,293 passenger cars. Last year output added up to 209,623. And the industry is training its 1951 sights on a still bigger target—it hopes to surpass its 1938 figure of 276,804 (BW-Feb. 3*51,p100).

The show featured modern cars, light trucks, as well as many of the more-advanced technological improvements in the automotive field. Some of the models are already in production, others scheduled for late fall.

Faka Automobile Co. of Salzburg showed its new three-wheel, three-seat motor scooter, designed to provide cheap transportation for small families. It's equipped with a 120-cc. engine mounted over the front wheel. Costs only \$357.

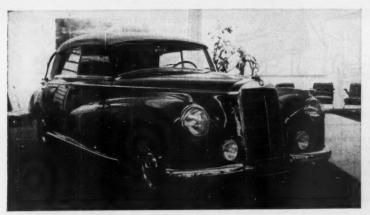
A new kind of splinterproof glass for windshields was demonstrated by Sicherheits-Berbundglas Industie, Aachen. The glass is a three-ply affair with the middle layer consisting of elastic, transparent material.



FULDA MOBIL, exhibited by Elektro-Maschinenbau Co., is a three-wheel, two-seater sedan or convertible. The one-cylinder, 8.5-hp. engine is over the rear wheel. Price: \$593.



PARTNER, Hanomag Co.'s two-door, five-passenger sedan, has a 697-cc., three-cylinder, 28-hp. engine, and front wheel drive. Price: about \$1,375.



MERCEDES CONVERTIBLE in the Daimler-Benz exhibit has a six-cylinder, 115-hp. engine, speed capacity of about 96 mph. Price: about \$5,347 for convertible; \$4,405 for sedan.





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Cheaper Delivery

Truck study for grocery wholesalers shows a three-step method of cutting costs. Savings can run as high as 50%.

Show a businessman a way to cut operating costs 20% to 50%, and you'll produce some excitement. That kind of excitement has hit members of the National-American Wholesale Grocers Assn. It all stems from a joint study into wholesale trucking procedures now being run off by NAWGA leaders and truck experts from GMC Truck & Coach Division of General Motors.

The study, pegged to seven wholesalers representing a cross-section of the business, began last September. A preliminary report is already in the hands of NAWGA member firms.

• What to Do-Boiled down, the report recommends three basic steps to cut delivery costs: (1) Set up good records; (2) from the records select the proper vehicle type for specific jobs; and (3) install a preventive maintenance program.

Records, the study points out, are the key to truck performance. Yet, traditionally, wholesalers treat delivery costs somewhat lightly—despite the fact that hauling expense makes up about 20% of all their operating cost. They draw a magic line at, say, 1½% or 2% of total sales. If delivery costs stay under the magic line, they don't worry.

The study found wholesaler truck fleets that showed violent fluctuations in cost-per-mile estimates—as much as 100% within a six-month period. Vehicle depreciation, maintenance, and repair figures were spread so erratically that a sound picture of running costs proved impossible.

The study is recommending standardized forms for daily driver reports on such items as trip mileage, number of stops, weight of goods delivered, gas

• Vehicles—On selecting vehicles for the job, the study found that one hauler was losing as much as \$100,000 annually in fuel costs because he was using the wrong kind of trucks.

For over-the-road hauling, the study shows that diesel-powered tractors effect substantial savings in fuel costs over gas-powered vehicles. On city routes, savings of 10% to 20% are possible through use of trucks with proper capacity and maneuverability.

• Maintenance—Some of the most glaring inefficiencies showed up in vehicle maintenance procedures. One fleet of 52 trucks had a variation in miles-pergallon ranging from 1‡ mi. to more than 8 mi.



Photo by Thill, Myray

You have to see it to believe it!

You can see how fresh and crisp these smart new cotton dresses appear to the television audience. But what the television camera doesn't show is how these dresses *stay* crisp and fresh for days...and how their wrinkles disappear overnight on the hanger!

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Helping manufacturers to give you more for your clothing dollar is one of the many benefits obtained through Cyanamid chemical research.



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We Must Pay As We Go

We must do our utmost to pay as we go for our present defense program.

On that proposition those who speak with authority are remarkably well agreed. This editorial — the second in a series on our mobilization for freedom — sets forth in simple terms why there is this agreement.

Next year — the fiscal year beginning next July 1 — the federal government's budget calls for the expenditure of \$10 billion more than is scheduled to be collected in taxes. The deficit is due to the increase in defense expenditures.

A part of this deficit can be eliminated by cutting non-essential expenditures and increasing efficiency in the defense program. There is wide agreement on this. It is the duty of the President and Congress to see that it is saved.

How the remaining deficit anticipated in the federal budget—\$5 billion to \$10 billion—is handled is crucial. The government can meet it by raising taxes—by paying as we go. Or it can borrow, issuing more government bonds.

Borrow Again?

We relied heavily on borrowing in both World War I and World War II. In World War I only about one-third of the expenditures of the federal government were met by taxation. In World War II about 45 percent were met in this way. The rest we borrowed. Some people ask, why can't we rely heavily on borrowing again? Why is it crucially important to avoid adding \$5 billion to \$10 billion to a federal debt that is already \$257 billion?

Part of the answer is found in the contrast be-

tween this defense program and our all-out effort of World War II. Another part—and one that is allimportant in combatting inflation—results from the rapid decline in the purchasing power of the American dollar in recent years.

We went "all out" in World War II. We put almost half of everything we produced into our military effort. Taxes high enough to pay the financial costs as incurred would have meant huge tax increases. It was feared that such increases would kill financial incentives to get "all out" production. Since we expected the was to be short, borrowing seemed a safe expedient. Price control and rationing, with wartime patriotism to give them effective support, were relied upon to keep in check the inflationary pressure created by borrowing rather than taxing.

Our present defense program is scheduled to take a much smaller share of our production, but to take it over a much longer period. At its peak, the program as now planned will take only about 20 percent of our total national production. But to use General Bradley's phrase, "the conditions under which we labor may persist for ten, fifteen or twenty years."

What About Controls?

For a period of any such duration it, would be foolhardy to expect that the sort of controls we had for the few years of World War II could hold in check the inflationary pressure created by not paying as we go. It would be as foolhardy as it would be for a family to plan on borrowing to pay the expenses of a member discovered to be afflicted by a chronic ailment which might last a long lifetime.

Obviously, the only safe thing to do in such a case would be to adjust the family budget so that the expenses of the illness would be paid currently.

Our heavy reliance on borrowing in World War II had consequences which block a successful repeat performance.

If the borrowing had been done by persuading individuals to transfer their savings into government bonds, relatively little inflationary pressure would have been created. What the government would have spent with the proceeds of such bond sales would have been subtracted from the money individual consumers could spend.

But much of the borrowing was done from banks. That course expanded the amount of money available to the government without any offsetting subtraction of money from the hands of individuals. Thus, when direct price controls were removed after the war, this bottled-up purchasing power contributed to a price inflation which has cut purchasing power of the American dollar about in half—and decidedly changed the attitudes of the American people toward that dollar.

During World War II, Americans in general believed that:

The war would not last long.

The dollar would hold its value, and even gain value after the war.

Many wonderful new products would be available in the postwar period.

Today the American people have:

Seen the value of their dollars melt away fast. Been assured that, at best, we may have a 10-15-20-year pull ahead.

Been warned not to expect a postwar paradise anytime soon.

One result of these changed attitudes is a notable lack of enthusiasm for government bonds on the part of individual investors. This is indicated by the fact that since Korea redemptions of E bonds have exceeded sales by about \$600 million. Another result is a continuing rush to convert dollars into physical goods and equipment or claims on them. This trend weighs against financing the prospective federal deficit by borrowing from individuals.

Borrowing from banks to meet the deficit would again add fuel to inflation.

The prospective deficit is due to federal expen-

ditures for military goods. Even if they are not blown up or shipped abroad, these goods will not be available to civilians. But the money paid to those who produce military goods will still be available to bid up the prices of civilian goods. Thus, at a time when people show relatively little disposition to save dollars, a menacing inflationary pressure — an inflationary gap, the economists call it — will be created.

If our fight against inflation is to be successful this gap must be closed by taxes. We need to do other things, too, for inflation has many different causes. Credit expansion must be effectively controlled. Production of civilian goods must be increased as much as possible by eliminating waste and inefficiency. But a pay-as-we-go tax program is basic to a successful attack on inflation. And inflation — unless it is checked — could wreck our defense effort.

We cannot pay as we go merely by soaking harder the corporations and those in the upper income brackets.

As the President's Council of Economic Advisers has reported, "by far the largest part of the additional revenue must come from the middle and lower tax brackets. These are the brackets in which the great bulk of the income is located."

Taxes Can Attack Inflation

By spreading tax increases broadly, taking small amounts from many people, inflationary pressure would be effectively reduced. It is the expenditures of the great mass of people, rather than the small numbers in the upper income tax brackets, that create most of the pressure. Moreover, it is possible to increase taxes broadly without killing the economic incentives to produce. Maintaining these incentives is essential to the success of the defense effort.

Our elected representatives cannot be expected to be enthusiastic about a pay-as-we-go tax program. It involves increasing the taxes of the great body of their constituents, an operation completely lacking in political glamour. However, such a program also involves the integrity of the American dollar. And that is absolutely essential to the success of the defense program. We shall be very foolish if we do not let our leaders know that we want them to do everything possible to pay as we go.

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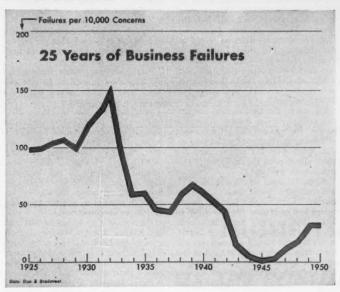


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FIGURES OF THE WEEK



NINTH OF A SERIES

Toting Up Business Failures

Contrary to opinion held in many quarters, business failure statistics are not gathered by counting the bodies of businessmen who have hurled themselves down from high places. The method used is considerably less dramatic, but it is more accurate since it includes less devastating but equally important failures.

BUSINESS WEEK and everyone else use the figures on failures compiled by Dun & Bradstreet, the well-known credit information organization. There isn't any place else to get them. Dept. of Commerce publishes figures on business discontinuances, but they include cases where a man liquidates because he wants to retire, because his partner dies, or some such reason other than plain financial embarrassment.

· Unadulterated-The Figure of the Week is taken-unadulterated-from D&B's weekly report. It covers the actual number of failures reported to D&B during the week ending the previous Thursday.

D&B gets its information from its 145 branch offices and about 25,000 Their information correspondents. comes from a wide variety of sources. Court records probably provide the majority. Auction sales supply some more. Newspaper stories, foreclosure, and other legal notices also help. And creditors and personal contacts provide many, especially where out-of-court settlements keep the failure out of the public rec-

A business failure, as defined by Dun & Bradstreet, occurs when a concern is involved in a court proceeding or an out-of-court arrangement that is likely to result in postponement of payment of debts or in losses to creditors. That means voluntary and involuntary bankruptcy, reorganization, auction, fore-closure, assignment, etc. It also includes absconding with the funds and a lot of other things.

The figures don't attempt to cover every single failure. D&B includes only those in lines of business eligible for listing in its rating book, businesses that "are seeking credit in the usual sense of the term." That excludes some very small concerns on a strictly cash basis.

· No Check-Since there are no other figures available on failures, it isn't possible to determine the accuracy of D&B's. But they are widely accepted and used by businessmen, bankers, and economists. The company feels that its big network of branches and correspondents gets practically all cases involving legal action. It concedes that it may miss some of the out-of-court ones occasionally, but if they are so minor that



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they escape its correspondents, it thinks they aren't very significant.

• Near Century—D&B has been gathering failure figures since 1857. Over the long run, economists say, they are about as good a general economic indicator as any. During relatively good times they have dropped; when bad times hit the economy they rise. Until World War II, the lowest point for total failures since 1900 came in 1918-1920 with a floor of 6,451 in 1919. High for the past 50 years was 1932 with a record of 31,822 failures.

Of course, the total number of business enterprises rose steadily during the period. But you can still get a fair idea of business fluctuations by checking annual totals over the period. And the chart above gives the rate per 10,000

concerns in business.

Since the end of World War II, however, the trend hasn't been so marked. Total failures jumped from a record low of 809 in 1945 to 9,246 in 1950. But in 1950 there were more concerns in business than ever before, so the rate per 10,000 concerns was still lower than in any prewar year. And this year the upward trend seems to be reversing itself. Total failures are running well below 1950 and slightly below 1949.

• Why?—But the big question for businessmen—and for D&B—is why businesses fail. D&B has tried to find out why. With every report on a failure, a reporter or correspondent is supposed to submit a report on why the business had to fold.

D&B asks reporters to check at least three creditors of the defunct business. It wants apparent causes and if possible

the underlying causes.

Dun & Bradstreet figures that business failures are human failures. Therefore, it groups apparent causes of failure and accredits them to more general human failings. Bad habits, poor health, marital difficulties, and the like, which seem to cause failures, are really all basically neglect, says D&B.

Such causes as insufficient sales, inventory problems, high operating costs, and poor location, according to D&B's system, are actually due to incompetence and lack or unbalance of experience. Even failures due to disaster such as fire, strikes, and acts generally attributed to God may in many cases be caused by bad management, because—says D&B—they could have been anticipated through insurance.

• Even Fraud—Types of fraud such as misleading names, false financial statements, etc., are naturally attributed to management, except where they are committed by employees, and even then D&B holds that management could prevent failure through fidelity bonds and the like.

No provision is made (except pos-

sibly in the small percentage of failures tagged "reason unknown") for what a lot of people like to call bad luck. Bad luck can be translated into bad judgment and pigeonholed in one of the humanfailings categories that D&B allows. If war wipes out a business because of lack of materials or market, that can be considered as poor timing or lack of flexibility.

Presumably, no smart businessman will ever allow himself to go into anything that may be wiped out by a

change in public tastes.

• Breakdown—A look at D&B's 1950 figures shows that 5.8% of all failures during the year were caused basically by neglect, 3.8% by fraud, 1.5% by disaster, and 2.3% by reasons unknown. Of the other 86.6%, 16% were brought on mainly by lack of experience in the line, 15.4% by lack of managerial experience, 13.5% by unbalanced experience, and the remaining 41.7% by incompetence.

D&B sums it up by noting that business failures "just don't happen without a pretty good reason," and as to 1950's 9,162 failures, "in 96% of the cases, that reason was the individual who

owned the business.'

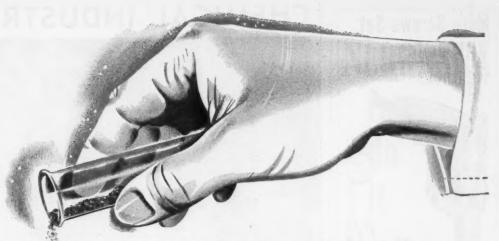
Prices Help—In a study by a D&B executive, the relationship between wholesale prices and business failures is surveyed. In general it observes that whenever wholesale prices rise markedly, the number of failures declines—and the reverse, too. Since wholesale prices are among the sensitive indicators of business conditions, this observation can be translated to mean that when times are good, businesses flourish, and when they are bad, businesses fold.

 Competition—The study also points up D&B's "business failures are human failures" principle. Extreme competition as an excuse for failure, it says, can't be a valid substitute for poor management, since some businesses manage to ride out competition (because they are better managed).

And lack of working capital—an often mentioned cause of failure—is also really poor management, says the D&B study. Good management wouldn't permit capital to be run through. Or if the failure is caused by an initial lack of capital, then it's still a human error—a good manager never would have gone into the business with insufficient capital in the first place.

D&B's figures are widely used, and its analyses are widely studied. Bankers and businessmen concerned with credit want to know what lines of business have high mortality rates, and everybody going into business wants to find out the principal pitfalls—human and ex machina—that they may run into. All these are laid out geographically and 'by type of business (manufacturing, wholesale, retail) by Dun & Bradstreet.

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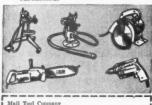
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CHEMICAL INDUSTRY



CHEMSTRAND, the new synthetic fiber, looks like this in staple form. Monsanto and American Viscose are teaming up to produce it.

Fiber, Atom, New Boss .

Three things hold top billing in the current growth plans of Monsanto Chemical Co.: firm plans for a "hot" new fiber; a pipe-dream—not too dreamy—of atomic power; and a new president.

 Ground has already been broken for a \$100-million project to make Chemstrand, a synthetic fiber that shapes up as a competitor of nylon. Monsanto is in this deal as an equal partner of American Viscose.

 The company is deep in studies of the practicality of a 75,000-kw. atomic powerplant. The wheres and whens haven't been worked out yet, but Monsanto thinks it can lick—economically—the difficulties in atomic power.

• Mention of the atomic plant leads straight to Monsanto's new president, Dr. Charles Allen Thomas, who stepped up on May 1. Thomas was one of the top executive-scientists in the development of the atom bomb; Monsanto's nuclear power project is strictly his baby

• Fifth Largest—These are the main items on Monsanto's program now, but there are lots of lesser ones. Growth is a company specialty; it climbed last year to fifth place among the nation's chemical producers, with net sales of \$227-million.

The growth has been fast, but it has looked healthy and steady to those eagle-eyed students of industry, the investment trusts. Last year the trusts held 253,000 shares of Monsanto stock

-\$19-million at current prices. That put Monsanto in 19th place in the trustees' industrial popularity contest.

• External—In the chemical field, Monsanto's specialty has been that it has done most of its growing externally, by buying up other companies. Doing that, it has gotten more than plants and patents; it has picked up a wealth of top personnel. President Thomas is an example; he came to Monsanto when it bought the Thomas & Hochwalt Laboratories in 1936. So did Dr. Carroll Hochwalt, now a vice-president.

Of Monsanto's eight top men, board chairman Edgar M. Queeny is the only one who didn't come via the company purchase route. Queeny, son of the company's founder, was 21 when he took over the newly created job of advertising manager. He's generally credited with being chiefly responsible for Monsanto's present size: 17,227 employees, 13,198 of them in the U.S.; 16 plants in the U.S., nine abroad; 17 laboratories; and 10 associated or subsidiary companies.

The acorn from which this corporate oak grew was planted in 1901 by John Francis Queeny, an experienced chemical man. Queeny gave the new company his wife's maiden name—Monsanto—and started to make saccharin. The list of products was already growing nicely when World War I brought a sudden spurt to the whole U.S. chemical industry.

Monsanto started its growth-by-



LOOK OUT, NYLON. Chemstrand, being woven at pilot plant, looms as formidable competitor for nylon, standard textiles.

at Monsanto

purchase pattern by buying the Commercial Acid Co. at Monsanto, Ill., across the river from St. Louis. The Commercial plant is now one of Monsanto's largest, specializes in such basic chemicals as caustic soda and sulfuric acid.

In 1929 Monsanto picked up some other companies, including Merrimac Chemical Co., of Everett, Mass. With Merrimac came William M. Rand, who has just retired as president, and Francis J. Curtis, now a Monsanto vice-president and secretary of the Executive Committee.

Six years later Monsanto went into the production of elemental phosphorus; to-day it is the world's largest producer.

In 1938 the company entered the plastics field by purchasing the Fiberloid Corp., of Springfield, Mass. Since then the plastics division has grown to a point where it has 2,300 employees in Springfield alone. Other plants are at Long Beach, Calif.; Newport, England; Mexico City; and Montreal.

• New Fiber-Right now, the Chemstrand plant at Decatur, Ala., is the biggest thing on Monsanto's agenda. The plant, with a related acrylonitrile plant at Texas City, will turn out the new acrylic fiber, along with chemicals for synthetic rubber and plastics.

Monsanto and American Viscose see a big market for Chemstrand because of developing shortages of wool and cotton. They say it is an even better summer fiber than nylon. Incidentally, Chemstrand Corp., the joint subsidiary handling the work, is negotiating with du Pont for a license to manufacture and sell nylon.

 Atom Project—Chemstrand is much more of a bird in the hand than the atomic powerplant, but Thomas, along with other scientists, thinks that can materialize, too.

At present, there are two main obstacles to atomic power: (1) A plant would take critical uranium from the A-bomb program, and (2) it would cost too much to build—approximately two or three times as much as a coal- or oil-fueled setup.

•Thomas thinks his project could beat both these difficulties. His plant would transmute uranium into plutonium; the temperatures generated in the process would turn water to steam. The steam would run a standard turbine, which would produce electricity. The beauty of this is that it meets objection (1). The A-bomb program needs plutonium as well as uranium. And Monsanto would be in a position to return plutonium, to replace the uranium that was supplied to it by the Atomic Energy Commission.

As for the high cost of building, Thomas says that the AEC can fairly be expected to pay a fee for the plutonium made at the plant. This revenue would serve to amortize the construction cost, under a 10-year contract.

• Six-Month Survey—Monsanto hopes to complete its present survey of the practicality of the plan within six months. If the answer is yes, Thomas thinks the plant could be built in two or three years. A big question mark is

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EVERLASTING FASTENINGS



WILLIAM RAND retired from Monsanto presidency May 1, plans some fishing.



BOARD CHAIRMAN Edgar M. (for Monsanto) Queeny is son of company's founder.

whether the government will be willing to go along. Smaller questions are: Could Monsanto achieve the essential of producing plutonium at no greater cost than the government's Hanford plant? Could it produce electricity at competitive prices?

• Chemist—Work with atoms has been a big feature of Thomas' life, but only one among many. Born 51 years ago at Lexington, Ky., he took his AB at Transylvania College, with a spot of football on the side. (He has also been a fine tennis and squash player, right now is working on golf.)

After Transylvania, Thomas took master's and doctor's degrees at MIT and went to work as a chemist. He, Hochwalt, and others began digging for an antiknock gasoline in the General Motors Research lab. They came up



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with tetraethyl lead, which did the job but fouled the motors. Thomas got rid of the fouling by using bromine. But bromine was expensive. So he worked out a method for extracting it from sea water.

· Laboratory-In 1926 Thomas and Hochwalt organized their own laboratory, specializing in research for indus-They touched a lot of bases: synthetic rubber, fire extinguishers, decarbonizing autos, quick aging of whiskey. The business grew. Thomas did a lot of the selling, began to get his first grasp on the nonscientific sides of the chemical business. Also, he got married, now has four children.

Ten years after the T&H lab started, Monsanto bought it up. The deal brought Thomas enough Monsanto stock to make him second only to Queeny on the roster of holders. Today he owns 17,937 shares, worth \$1,434,-960. The lab became Monsanto's Central Research Dept., with a home office

staff of 226 today.

· War Work-During World War II, Thomas was busy on a variety of defense projects, though that didn't slow his rise at Monsanto (board of directors, 1942; vice-president, 1945; executive vice-president in 1947). Last week he was named president to succeed William M. Rand. For the services, he worked on explosives, rocket fuels, contamination of gasoline in case of capture.

But the big show was the atom; when the government wanted to speed up plutonium production, it yelled for Thomas. He was the boss while Monsanto operated the Clinton Laboratories at Oak Ridge, Tenn. In 1946 he was one of the five co-authors of the Acheson-Lilienthal report, which first proposed a master plan for international

control of atomic energy. · Likes Business-Since theh, he has concentrated on Monsanto problems, but in a broad way. He likes the transition from pure scientist to businessman. In science, he says, everything is black and white; he likes the gray areas of human confacts. Nonscientific associates find Thomas earthy and approachable, unlike the head-in-the-clouds school of chemists.

They also find him a dynamo. "When he's away," one Monsanto man said, "there's an atmosphere of peace and quiet. When he comes back, the wheels start turning." Thomas resents traveling by rail, as a time waster. He used to fly his own plane, but now lets others do the piloting

Even while eating he grudges the ticking of the clock. Associates say he eats so fast that they never can finish their meals. They found out how to cure that, though: Keep him talking all the time, while the others stoke away

their food.

CIVIL DEFENSE



BUILDER DEBEVOISE (right) and designer Feld compare blueprint with finished family-size bomb shelter. You enter from either end (white door), hide in mound at left.

Shelter From A-Bomb

Since Korea ushered in the A-bomb scare, ideas for bomb shelters have sprung up like mushrooms. Latest to hit the market was built by Arthur Debevoise, an enterprising building contractor. Last week, the shelter got a public showing at Bayside, Long Island.

What the public saw was an igloolike shelter that holds seven people sitting or four sleeping and sells for about \$800 installed. It comes in three sections of precast concrete—a tunnel, an outer shell, and an inner shell. If you're lucky enough to get inside in time, you're supposed to have the same protection you'd get from a 2-ft. concrete wall.

The shelter's main features are:

 An air gap between the outer and inner shells to lower pressure of air blasts.

• A suspended floor inside inner shell to reduce earth shock.

 A tunnel with two entrances—in case one gets blocked.

Until recently, you had to build your own shelter, usually in the cellar. Then along came contractors who would assemble a makeshift shelter—at a high price.

Debevoise decided he could make a



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SUSPENDED FLOOR in inner shell eases earth shock. Air gap (upper left) cuts blasts.

stronger shelter at less cost. Last fall he set up Bomb Shelters, Inc. For the design, Debevoise joined forces with Dr. Jacob Feld, a New York consulting engineer.

Feld cased Washington. He talked with the Atomic Energy Commission, Army, and Navy—found them tight-lipped because you can't say much about shelter designs without letting A-bomb secrets out of the bag. Civil Defense Administration had almost no practical ideas. So Feld added up all the tidbits of information and succeeded in translating them into a fairly ingenious shelter.

Feld hit on a design that would take high loads at one peak moment, rather than continuous heavy loads. He uses lightweight pumice concrete reinforced with steel for tunnel and shells. Like Plexiglas, pumice concrete is flexible under high stresses and absorbs shocks. Besides, pumice sections are practical commercially; because of their small size and weight of the sections, Debevoise doesn't need special permits to transport them over highways.

Now, \$10,000 later, Debevoise has to sell the shelter. He's using Nassau County, Long Island, as a trial balloon to get the public's reaction. He hopes to sprinkle a few shelters in Long Island Railroad stations for commuters to inspect.

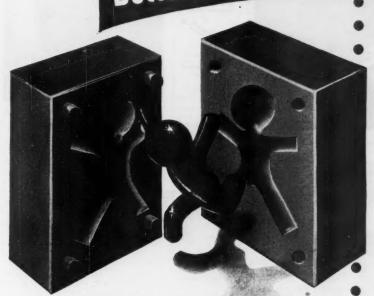
Debevoise thinks the small factory may be his likeliest customer. "A plant of 5,000-no. But something around 500, yes. If you don't take care of all your employees—that's impossible with 5,000-you'd better not try it at all. You'll have unions writing A-bomb shelters for every man into their contracts."

Debevoise has had a finger in so

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INSIDE THE MOUND is space for seven people (sitting), food, first-aid equipment.

many pies he can't keep them straight. For a while, it was a brokerage house in Wall Street; then a dollar-a-day job on a Texas ranch; then reinforcing concrete in construction gangs. Now he's sole owner of seven firms that have a combined yearly payroll of \$1-million.

His modernistic plant at Bayside has both an extensive workshop and a lush penthouse. Every so often he likes to get away from his successes and hops on a motorcycle for an excursion to the Far West.

Bomb Shelter, Inc., is a shot in the dark. But, Debevoise says, 100 shelters sold will pay for the research and development.



TRAP DOOR is pulled up to help seal inner shell against radiation.

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FINANCE

Years ended Dec. 31	*1945	1946	1947	1948	1949	1950
Sales		\$11,504	\$260,133	\$341,552	\$104,474	\$238,036
Net profits	D\$773	D19,285	19,016	10,362	D30,329	D13,260
Current assets .	54.279	25,696	55.062	74,621	33,548	51,812
Current tiabilities	923	13.879	28,516	33,146	11,560	37,602
Long-term debt.	None	None	8,524	25,672	42,766	50,811
Capital stock	4.000	4,000	4.750	4,564	4,564	4,564
Capital surplus.	50,446	50,466	54,591	52,234	52,234	52,234
Earned surplus.	D773	D20,057	D1,042	9,320	D21,009	D34,269
Working capital	53.356	11.817	26.546	41.475	21,988	14,210
Net worth	53,673	34,409	58,300	66,118	35,789	22,529
Equity per share	13.42	8.60	12.27	14.01	7.01	4.94

Kaiser's Motor Sputters

1950 report shows K-F operating deficit of \$13.2-million while rest of auto industry flourishes. Firm seeks new \$25-million short-term loans from Bank of America, to finance defense work.

Thousands of Frazers, Kaisers, and Henry J's may be purring sweetly on the highways these days. But their maker isn't purring at all.

Fiscally speaking, Kaiser-Frazer's motor has been sputtering badly (compilation above). K-F has proved its ability to design and produce cars that can be sold in the competitive automobile market.

Profits, however, have been a different story. The Kaiser magic hasn't been working in the automobile section of the fabulous Kaiser empire (BW-Dec.9'50,p31). The 1950 annual report released by the company made sad stockholder reading. In the face of huge profits racked up in recent years by most automobile producers, the report revealed: (1) a 1950 operating deficit of over \$13.2-million; (2) losses since the company's inception to the 1950 yearend, which had eaten up some \$36.7-million of the more than \$59-million that stockholders invested in the business.

• More Borrowing—Obviously, these losses have made it necessary to borrow substantial "outside" funds to keep operations on an even keel. As a result, K-F creditors now have a substantially larger stake in the business than do the stockholders.

Reconstruction Finance Corp. loans now add up to around \$56.8-million—including \$25-million of advances to the Kaiser-Frazer Sales Corp., a wholly owned subsidiary, which fall due next November.

K-F's outstanding notes, moreover,

appear destined for further sharp expansion in the months ahead. At midweek, the company was actively negotiating with San Francisco's Bank of America for \$25-million in short-term loans. K-F president Edgar F. Kaiser explained last week that this "new capital" was needed by the company to finance production of Fairchild military transport planes, Wright piston engines, and subassemblies for Lockheed transports.

• Fewer Gags-Wall Street in the last year or so hasn't heard so many anti-Kaiser gags and jokes going the rounds. In recent months the Kaiser empire as a whole has become "one of the family" as a result, among other things, of its profit record, its use of Wall Street's new-issue facilities to refund its huge government debts, its battle with Cleveland's Otis & Co. (BW-Mar. 24'51,p125), and the use lately by Henry J. of a "native son"-First Boston Corp.—as one of his principal fiscal advisers.

Nonetheless, more than a few eyebrows were raised in the neighborhood of Broad and Wall when it was learned last week that K-F was negotiating a loan in orthodox banking quarters. It has been no secret that the RFC bore down heavily on the company when it negotiated the loan agreement under which its present advances are outstanding.

• Stiff Terms-Among other things, behind such loans, is this collateral:

• A first lien on all K-F's physical assets (which were appraised at \$58-

million when the present agreement was signed).

· A pledge of all capital stock of K-F's subsidiaries.

· A first mortgage on the company's inventories and receivables.

• A joint guaranty by Henry J. Kaiser Co. and Kaiser Industries, Inc., of \$20-million, which must at all times be secured by collateral having, in the opinion of RFC, a sound value of \$20million.

Thus when Wall Streeters first heard that a new \$25-million loan was in the process of negotiation and that none of its proceeds would be used to retire existing debt, their first thought was: What on earth is Kaiser-Frazer going to use as collateral to secure the new advance?

These doubting-Thomases hadn't received any authoritative answer early this week. Sources that usually know pretty much what is going on, however, think that they do know the basis of K-F's latest bid for loans. As they get the story, the company would be able to use the funds only to supply its needs arising from defense contracts, and the contracts themselves would comprise the collateral.

• Mellon Bank-The same sources hear that Bankamerica won't be solely concerned in the deal. It's understood that other banks have been invited to take a piece of the business and that at least one of these invitees-Pittsburgh's Mellon National-has already agreed to take part of the loan.

Though it is no party to the new loan that K-F is trying to negotiate, the RFC is reported to be considering steps to ease any difficulty the company may experience in the discussions. It now has under advisement certain "minor amendments" of its K-F loan indenture, according to W. Elmer Harber, the agency's chairman. These, it's generally believed, involve extension of the maturity date of the \$25-million of loans to the K-F Sales Corp. And it is felt that any such request by the company will be complied with.

Outsiders can make nothing but wild guesses about how K-F has been doing in 1951. The reason: K-F's 1950 annual report, though not released until last month, failed to state how business had been progressing lately. And the company has never made a practice of issuing regular quarterly reports.

• The Present—Most Street analysts doubt that the K-F automobile business has produced much in the way of profits thus far this year. K-F's RFC debt, for example, has risen some \$6.1million since Jan. 1. About 25% of the Willow Run working force was laid off recently due to a cut in output. According to K-F, the cut was caused by material shortages. Cynical Wall Streeters, however, suspect that the re-



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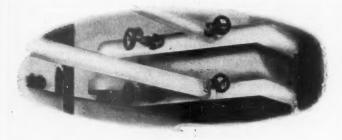
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cent slump in auto sales was a contributory factor.

Stock market participants aren't particularly sanguine regarding 1951 K-F results to date either. The company's shares, which at one time last year sold on the New York Curb for \$9.25, have been hovering lately around \$6.37. When the same shares were first sold publicly, offerings of 1.7-million shares in 1945 at a price of \$10 and of 1.8-million shares in 1946 at \$20.25 were considerably oversubscribed.

FINANCE BRIEFS

Defense loan of \$75-million has been made to International Harvester Co. by nine leading U.S. banks. The money will be used to finance IH's military production.

It cost \$2.64 per \$100 of gross proceeds to float a total of \$30-billion worth of securities during 1945-1949, an SEC study says. Bonds cost \$1.30 per \$100, preferred stock \$4.21, common stock \$9.61

Electric Boat Co. now has a backlog about double the \$91-million backlog it reported at the end of 1950, according to president John Jay Hopkins. The company makes submarines and aircraft (BW-Sep.3'49,p72).

Goodyear Tire & Rubber's preferred stockholders have O.K.'d a proposal to increase funded debt by \$100-million. The company plans to borrow the money from insurance companies on 34% notes.

Women are presidents of 96 U.S. banks, according to the Assn. of Bank Women. It also finds that there are 25 women board chairmen of banks and 337 vice-presidents.

Financing school buildings in Georgia: A state school building authority (BW—Jun.24'50,p86) will issue up to 560-million of revenue bonds, will lease schools to local school boards at rentals sufficient to service the bonds. When bonds are retired, buildings become property of local municipalities.

National banks had net operating earnings of \$855-million in 1950, up about 13% from 1949, reports the Comptroller of the Currency. Earnings of capital funds were 8.5%.

Wheeling Steel Corp. is offering stock-holders about \$14\frac{1}{2}\text{-million} of \$3\frac{1}{2}\% convertible debentures. They can be converted into common stock at \$45 until May, 1956, and at \$48 afterward.



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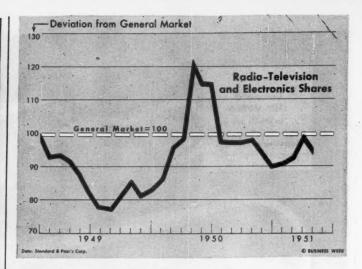


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TV Outlook Brightens Up

Korea knocked the props from under the television stocks, but the prospect of big government business now shoves them up.

When war broke out in Korea 10 months ago, Wall Street frantically revised its ideas about the kind of stocks it liked. One of the hardest-hit stock groups in the reshuffle was the shares of radio and television manufacturers. Until then, they had been the darlings of the boom (chart).

Except for the shares of finance companies, no stocks dropped quicker (BW-Aug.19'50,p79). People figured that war would put a brake on the rapidly growing sales of TV sets. And they figured that even though war would bring the industry plenty of military orders, over-all profit margins would be a lot lower than before.

• 1950 Was a Good Year—It didn't work out that way in 1950. Earnings for the full year turned out to be way ahead of 1940. Most companies more than doubled their earnings per common share. Admiral Corp. earned 59.73 in 1950, compared to \$4.12 the year before. DuMont Laboratories, Inc., estimates 1950 per-share earnings at \$3.00, compared to \$1.49 the year before. Motorola, Inc., boosted earnings from \$6.00 to \$14.56. Phileo Corp. went from \$1.51 to \$4.29, Radio Corporation of America from \$1.58 to \$3.10.

Sales whooshed in the same fashion: Admiral jumped from \$112-million to \$230-million, Motorola from \$82-million to \$177-million, Philco from \$215million to \$335-million, and RCA from \$396-million to \$584-million.

• '51 Earnings Are Down-First-quarter 1951 sales have been way ahead of the

same 1950 quarter, though behind the hectic pace of the last quarter of 1950, which included the Christmas shopping season. But earnings aren't going to keep up with 1950's pace, if Admiral's March-quarter earnings report is typical of the other important television manufacturers.

Admiral earned only \$2.4-million in the March quarter, compared with about \$4.2-million in the same 1950 period. That was in spite of the fact that sales jumped from \$46-million in the March, 1950, quarter to \$70-million in the quarter just past.

It isn't hard to see why. Taxes and costs are up. Although material shortages haven't cramped TV production, manufacturers have been using substitute materials for months, some of them more expensive than the critical materials they replace (BW–Mar.31 '51,p48).

Furthermore, trouble has cropped up in an unexpected quarter: Instead of having too few sets to satisfy an eager market, TV manufacturers are temporarily overstocked on inventory (page 86).

• New Customer—However, a lot of Wall Streeters figure that the radio-television industry is going to do pretty well later on—when it becomes primarily a military supplier. There are estimates that by the fall of 1952 the industry will be producing electronic equipment for the military at an annual rate of \$2.5-billion, compared with a total civilian output of \$1.6-billion in 1950. Thereafter, military



Art Hoppe, Pres. The Sound Control Co., Los Angeles, Calif

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Melely & Poporich
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Northwest Michigam
Acoustical Co.
General Asbestos & Supply Co.
Jacksonville Tile Co.
Lydick Roofing Co.
Lettis Lancaster Associates
Cockerell Engineering Co.
The Sound Control Co.
Fireproofing Co.
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The Sound Control Co.
Fireproofing Co.
Acoustical Engineering Co.
The Sound Control Co.
Fireproofing Co.
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production is scheduled to decline to an annual rate of \$1.5-billion.

This prospect seems to explain why radio-TV stocks have staged a pretty strong comeback from their lows of last December, when the Chinese first invaded Korea in force (chart, page 126). Lately, these stocks have run into the unexpected decline in demand for TV sets. That has put stock prices down a bit.

• Admiral Offers Bonus—In order to push lagging sales, Admiral Corp. has offered dealers a free radio-phonograph, listed at \$90 retail, for every TV set they order retailing at \$370 or more. The offer, Admiral emphasized, is good only until inventories are cleared out at the distributor level.

Admiral's president, Ross D. Siragusa, had said a few days earlier that his company might have to apply to the banks for loans to carry its heavy factory and distributor inventories. Some industry observers think that Siragusa has decided to try reducing his inventory by this "dealer incentive" rather than ask banks to carry him. A bank loan might be hard to arrange, in view of the new voluntary credit restraint program (BW-Apr.28 '51,p20).

• A Look at the Ledger-You can get some idea of Admiral's financial position by looking at the company's yearend balance sheet. At that time, Admiral had quick assets (cash and accounts receivable) of \$33.2-million. Its total current liabilities were about \$32.3-million.

Of course, when you throw in an inventory of about \$21-million, Admiral had a fairly comfortable margin of current assets over current liabilities—as long as that inventory kept moving out steadily to distributors and dealers. When sales slowed down, Admiral had to do something.

miral had to do something.

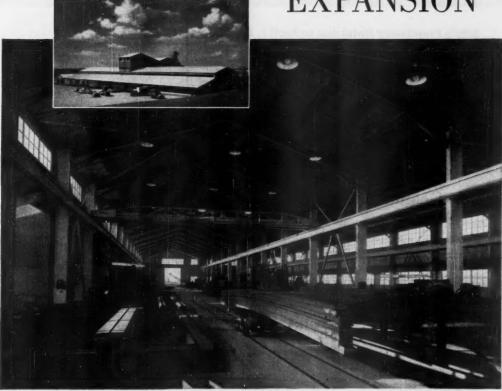
• Materials Shortage Bugaboo—Other TV manufacturers have been having their troubles, too. Zenith Radio Corp. laid off 3,000 workers temporarily last week. DuMont and Motorola have also laid off some workers.

The only layoff that definitely can be tied to a shortage of materials was RCA-Victor's temporary layoff last week of 5,800 workers who were making TV sets, radio-phonographs, and record changers. RCA closed down some plants because it felt that the quota of steel it was permitted to use was insufficient. As soon as the National Production Authority eased the rule, RCA recalled the workers.

Later on, of course, all TV manufacturers are going to have trouble getting steel and other strategic raw materials for civilian sets.

• Industry's Great Hope—Investors in TV stocks don't seem to be panicky about these problems. They're looking

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April 24, 1951.



forward to the time when the industry will be working primarily on government orders. Naturally, profit margins on government business will be low. But industry observers think volume will be so big that earnings will be maintained at respectable levels.

It's estimated that over \$4½-billion worth of electronic equipment was produced for the military in the peak year of World War II. Since then, electronic applications have widened. For instance, radio, radar, and other devices account for 30% to 40% of the cost of some types of planes. Electronics equipment as such will account for about 3% of the cost of the present aircraft procurement program. Additional electronic equipment used in aircraft fire control devices may take up another 3%. Electronic devices are also used in the ground artillery's proximity fuse, for artillery fire control, and in many other ways.

Volume of electronics production could get very large if the U.S. finally becomes involved in all-out war. Industry facilities have expanded a lot since World War II, could probably turn out as much as \$10-billion of elec-

If international conditions continue to stay the way they are, the industry will have a large volume of low-profit margin government orders in 1952, along with some civilian sales of "austerity" models. So 1952 earnings could be fairly good, though not comparable to the boom earnings of 1950. In that year, the industry sold a total of \$2.2-billion (wholesale prices) of products on peacetime profit margins.

Higher taxes will take quite a bite out of TV earnings. But there will be some excess profit tax relief for most TV manufacturers. They expect to qualify under the law as growth companies.

Off the Hook

Birmingham Electric Co. has finally managed to sell the transit system it operates in the Birmingham area (BW–Dec.9'50,p81). The buyers: a group of Birmingham businessmen. They bought the system, whose book value is \$12-million, for \$2-million.

That should make the power company happy. It says it has been losing over \$500,000 a year on the transit system, even after a fare boost from 7¢ to 10¢.

Furthermore, the Securities & Exchange Commission, back in 1949, ordered Birmingham Electric to sell its transit system by September, 1951. It had already advertised the system for sale, but until lately found no buyers.

The new owners hope to get the fare raised to 13¢, thus putting the system on a paying basis.

Sales Outlook



Manufacturers of civilian goods are reaching for the aspirin as the Government Printing Office continues to grind out NPA regulations. For, as the defense program gains momentum, controls on raw materials are getting tighter. Hence, "DO rated" orders are becoming increasingly important to many manufacturers. Difficulties arise because rated orders are often in the hands of men that can't be reached by salesmen.

But smart management men are jumping the hurdles of shifting markets—priorities—shortages—changes in personnel. They are using MECHANIZED SELLING* to help them accomplish sales objectives. For business paper advertising penetrates restricted areas. It reaches the man with the problem, the man with newly acquired buying power and the DO to get what he needs.

Getting rated orders may, in many instances, mean the difference between idle plant capacity and full-blast production. Here, too, Mechanized Selling can help. Working consistently at the job of telling the product story it saves salesmen's time and talents for the more important task of closing the sale.

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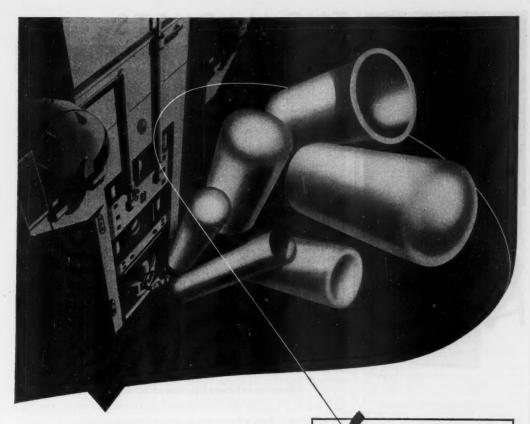
Last week a currency dispensing machine (above) went into test opera-tion at the Upper Avenue National Bank, in Chicago. It is quite a bit like the change dispenser used by cashiers, except that it delivers rolls of bills instead of coins.

The currency rolls, made up in advance, are stacked in 12 magazines. As much as \$299 can be delivered from the magazines in 5 sec. when the teller pushes the buttons on a separate teller machine.

Mechanically minded Hiland B. Noyes, president of the bank, worked out the machine at home with his electrician brother-in-law, Emerson E. Fies. Noyes says that the machine will deliver currency "much faster than the customers can line up for it."
Burroughs Adding Machine Co. has

built several experimental currency dispensers to be used with an adapted Burroughs teller machine. There's also a rolling machine (lower picture) that can package wrappers and bills together to be used in the new currency dispenser.





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THE MARKETS

Last Week's 20 Most Active Stocks

	Week's Volume	High	Low	Net Close Change
Tri-Continental Corp. Socony-Vacuum Oil Co. Warner Bros. Pictures Maracaibo Oil Panhandle Producing	123,800	*\$13	\$12	\$13 + 34
	123,200	* 30%	28¾	30% +134
	101,400	13%	11¾	13% +1%
	80,600	* 11%	9	11% +234
	78,300	9%	8¼	9% + %
General Motors U. S. Steel York Corp. Sunray Oil Long Island Lighting	74,900	* 53%	52%	53% + %
	69,700	45%	43%	45% +1%
	67,200	* 16%	14%	16% +2
	64,200	21	19%	21 +1
	61,600	14%	14%	14% + %
Pan American Airways	61,600	13	12%	12% - %
Sinclair Oil	60,600	39%	37%	39% +1%
Baltimore & Ohio	58,200	21%	19½	21% +1%
Packard Motors	56,500	5%	5¼	5½
Phillips Petroleum	56,300	84%	80%	84% +2%
New York Central	54,700	21%	19%	20½ + ¾
National Supply	54,500	• 27¼	24%	26% +1¼
Westinghouse Electric	51,300	• 40%	39%	40% + %
Dresser Industries	50,100	• 24%	22½	23% +1%
American Broadcasting	48,800	• 13%	12%	13¼ +1
* New 1951 high.				Dayuness were

Bulls Thrive on Red Aggression

Offensive in Korea has started off another wave of buying: Last week, 10 of 20 most active stocks hit new 1951 highs. Emphasis on oil stocks shows buyers are again fearing inflation.

The new Red offensive in Korea has put some new zip into Wall Street's bull market. Back in mid-February, stocks eased off just as it became plain the Reds were being pushed back in Korea. Since then, the market has been in the doldrums. Now that a new Red offensive has begun, the Dow-Jones industrial average is breaking out into new high ground.

Take a look at the 20 most active

Take a look at the 20 most active stocks last week on the N. Y. Stock Exchange (table). Ten of them made new 1951 highs; only one of them dropped back. Oil stocks were right up front.

That's a tipoff on why buyers are coming back into the market. Oil shares have long been considered an excellent hedge against inflation. The good first-quarter earnings reports that oil companies have been putting out lately has reinforced this point. That's why, in spite of some profit-taking in the oils, they are prime favorities now that investors are facing inflation scares again. Some of these investors appear to be institutions that have finally decided not to spend any more time wait-

ing for a real break in the stock market.

• Not All Inflation—Of course, a po-

tential inflation wasn't the only reason that a lot of leading stocks soared last week. Tri-Continental Corp.'s first-quarter report showed \$20.74 book value per common share. Buyers apparently figured the stock was undervalued.

And the activity in Warner Bros. stock coincided with rumors that the individual Warner Brothers might sell their 24% stock holding. This week, Harry Warner said he was considering an offer of about \$15 a share. There was another rumor that International Telephone & Telegraph Corp. might acquire York Corp., so York's stock bounced up \$2.

• Volume Light—Furthermore, the advance of the industrials to the 260 level has been accomplished on surprisingly small volume, considering that this is the highest bull market since 1929. Only twice in the last few weeks has volume been above 2-million shares.

Compare that with the hectic days of January and early February, when everybody was talking inflation. Then,

3-million-share days were common. Volume on full trading days only dropped below 2-million once or twice (BW-Mar.10'51,p110).

· Another Difference-In January and February, the Dow-Jones rail average was steadily outpacing the industrials in reaching new highs. But the current revival of the investment-grade industrials hasn't been supported by the more speculative rails, in spite of very decent railroad earnings reports.

The lack of volume and the failure of the rails to "confirm" the industrials make some market observers think the industrials will have to go lower before they get much higher. For several months, a few analysts have been predicting that the market would reach the

260 level and then undergo a reaction. · Look Before You Leap-There are still plenty of reasons why investors should think twice about the stocks they buy. The armament program is going to be selective in its effect on earnings of individual companies.

Many companies that are able to convert to military production will have conversion costs, lower profit margins, and higher taxes. In a good many lines of business, there's going to be a squeeze on earnings when labor costs go up while prices of finished products are controlled. As a general rule, companies that primarily produce raw materials will be better able to escape this squeeze than firms that are primarily processors and distributors.

Dividend Payments Off to Flying Start

Last year's record-breaking fourthquarter dividend payments didn't exhaust the corporate exchequer. The first three months of 1951 saw the golden flow reach the highest levels ever recorded in a first quarter.

The New York Stock Exchange announced last week that first-quarter cash dividends on listed commons added up to almost \$1.2-billion. That's some \$159-million, or 15.5%, greater than in 1950's first quarter. And it stands out as the highest quarterly dividend total on record except for the lastquarter showings of 1948, 1949, and

As the Big Board's tabulation below indicates, this was pretty much an across-the-board showing. Some 77% of all its 1,042 common stocks paid dividends. That's really high; many listed commons are issues of companies that traditionally make disbursements on a semiannual or annual basis and thus are seldom listed as first-quarter dividend payers.

At the same time, the showing had its spotty aspects. Some 37% of the stock groups covered paid out smaller dividends this year than in January-March, 1950. A relatively few accounted for a considerable part of this year's over-all gain. The automotive, chemical, and oil and gas shares, for example, supplied some 62% of all the gain reported even though their combined dividends accounted for only some 38% of the grand total.

Stock Group	Number of Dividend Payers		vidend Re 051 vs. 19 Same		of D	ox. Amount Dividends omitted) 1950	% Change 1951 vs. 1950
Aircraft	8	2	5	3	\$6.335	\$7,126	-11.1%
Amusement	13	5	7	3	10.268	16,805	-38.9
Automotive	59	36	17	6	140,295	106,043	+32.3
Building trade	25	10	14	1	11.674	9,491	+23.0
Chemical	66	36	26	7	135,993	110,743	+22.8
Electrical equipment	17	10	6	1	30,043	37,981	20.9
Farm machinery	6	4	2	1	14.924	15.627	- 4.5
Pinancial	21	8	11	4	18,726	23,584	-20.6
Food products, beverages	5.3	9	41	7	47.669	51,702	- 7.8
Leather, leather products	8	3	4	1	5,003	5,195	- 3.7
Machinery, metals	91	46	37	9	40.807	36,370	+12.2
Mining	22	15	7	1	38,500	26,699	+44.2
Office equipment	8	3	5	1	7,102	7,612	-6.7
Paper, publishing	29	15	9	6	20,384	16,425	+24.1
Oil, natural gas	41	20	20	2	175.008	135,350	+29.3
Railroad, railroad equipment	47	16	27	5	58,228	47.767	+21.9
Real estate	5	4	0	2	3,109	2,597	+19.7
Retail trade	56	14	34	9	75,665	76,507	- 1.1
Rubber	8	6	2	1	8,503	7,104	+19.7
Shipbuilding, operating	7	0	6	1	2,883	3,482	-17.2
Steel, iron	32	24	6	3	53,770	42,776	+25.7
Textile	41	20	20	2	23,468	17,018	+37.9
Tobacco	14	1	12	1	22,121	21,687	+ 2.0
Utilities	83	30	53	3	181,809	157,274	+15.6
U. S. companies operating abroad.	12	8	3	2	12,572	8,724	+44.1
Poreign companies	12	4	7	2	32,596	28,872	+12.9
Other companies	17	9	6	2	8,773	6,764	+29.7
Totals	801	358	387	86	\$1,186,228	\$1,027,037	+15.5%



for Specialty Fractional hp Motors

Raytheon electric motor engineers are "battle-tested"-they proved their creative skill, and piled up priceless experience during World War II. Russell Electric Company, Raytheon subsidiary, was one of the outstanding specialty fractional hp motor manufacturers turning out dynamotors, motor alternators and generator power supplies for Radio, Radar and other electronic equipment for ground, sea and air forces.







With industry once again mobilizing to meet the challenge of a national emergency, it's good to know that Raytheon is readya veteran fully trained to supply the specialty fractional motor needs of an expanded "push-button" era. New, enlarged factory facilities have been acquired, and are ready to roll on your specialty motor job; technical experts, top-drawer electrical engineers, experienced production men backed by the rich electronic resources that made the Raytheon name great during World War II are at your service.



Get the facts about Raytheon Get the facts about Raytheon specialty motor production by sending for this booklet —"Facilities of RUSSELL ELECTRIC COMPANY."
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DEFENSE BUSINESS

Military Soft-Pedals Requests

Truman's \$60.7-billion military budget is \$10-billion to \$20billion less than expected. But requests for more are sure to come later. Budget shouldn't have any trouble getting by Congress.

Last Monday Truman sent his \$60.7-billion military budget to Congress. It was considerably less than guess estimates of a month ago-they were running \$10-billion to \$20-billion more (page 17). But it was \$12.5-billion over the total of \$48.2-billion granted during fiscal 1951.

Truman's figure noses suspiciously close to his \$60-billion estimate made last January. But in his budget message, he contends that the new military budget is based solely on military considerations and that no ceiling was imposed on defense planners.

Last week the House passed the third military supplemental bill of \$6.4-billion, shaving off only a little over \$275,-000. If that's any indication, the new military budget shouldn't have too much trouble getting by the lawmakers.

• Item by Item-The new budget asks: \$20.8-billion for the Air Force; \$15.1billion for the Navy; \$19.8-billion for the Army; and \$500-million for the Dept. of Defense functions. It also asks \$4.5-billion for new obligational authority for public works.

The procurement tab will total about \$43-billion. This breaks down into:

\$4.5-billion for military public works
-nearly double last year's \$2.4-billion.
Of this, the Navy and Army will get \$1-billion each, and the Air Force \$2.5-

\$29.7-billion for hard goods procurement-up \$7-billion from fiscal 1951. The appropriation is subdivided into:

	Billions
Aircraft	\$14.5
Ships and harbor craft	1.9
Tanks and artillery	4.9
Weapons	0.5
Ammunitions, guided missiles	2.7
Electronics & communications	1.7
Noncombat vehicles	1.8
Training equipment	0.2
Railroad construction & materials	0.4
Expediting production	1.1
\$5-billion in operational procure	ment

(parts and components, fuels).

\$2.3-billion for soft goods. \$1.5-billion for research and development-compared to \$1.2-billion during fiscal 1951. This is still a substantial increase since the balance of this year's funds was appropriated during the closing months of the year.

• We're Spending It All—Spending is

keeping pace with appropriations, too.

Total military expenditures for fiscal 1951 were \$19.4-billion. Expenditures for fiscal 1952 are currently estimated at \$39.5-billion. Reason for the big increase is that the military will start taking deliveries at a greater rate this

The new military budget reaches far into the future. It finances all aircraft procurement through Dec. 31, 1953, and all other major hard goods procurement through Dec. 31, 1952. It also contains financing for the Navy's 57,-000-ton supercarrier, price-tagged at about \$218-million.

Another item included in ship construction is the nuclear-powered submarine. The Navy figures that the new sub, costing \$29.5-million (exclusive of power units to be furnished by the Atomic Energy Commission) will be

ready by the spring of 1953.

• War Without Cost-One surprising thing turned up in the fiscal '52 appropriation request: Apparently the war in Korea isn't costing the U.S. anythingor at least the budget boys aren't taking it into consideration. Defense planners couldn't agree on how long the war might last or what items should be charged against it. Under normal cir-cumstances, much of the equipment used would be obsolete; and masmuch as they'd have to write it off anyway, how much should they charge to Korea? Also to be figured would be salaries and operating expenses normally run up by the services.

So the military planners just didn't throw in anything for Korea.

In order to pare down the uniformed brass' multibillion-dollar requests to fit into the White House's unofficial ceiling of \$60-billion, the war was ignored for cost purposes. Hence, ammunition expended, the attrition rate of tanks, aircraft, and ships, plus like expenses, were left out.

The half-truth that the current military budget is figured on the basis of rearming the country doesn't hold water. The military will probably have to go after additional funds early next year to compensate for Korea costs. · Value Received-In terms of strength, that is what the Pentagon's budget buys:

• An Army of 1,531,000 men in

Liquidation of Lumber Manufacturing Firm Makes Possible



Opportunity to Locate for Today's Defense Needs . . . Tomorrow's Growth



Ideally located on Bay De Noc at the top of Lake Michigan, Nahma, Michigan, is away from vulnerable, high-cost population centers in the expanding Upper Peninsula. 155 miles southwest of Sault Ste. Marie and 35 miles east of Escanaba. Commercial transportation by

RAIL: Soo Line to Nahma Junction,

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TRUCK: 3 well-paved roads to U.S.
Highway #2, 4½ miles north
WATERi Great Lakes ships, docks on

company property, 14' draft

OPPORTUNITY FOR CONTINUOUS EXPANSION

Comparatively little conversion is required to accommodate Nahma, Michigan, to industries that could locate there. Upwards of 50,000 square feet of plant structures is now available. Its 4300 acres abound with a good amount of cover and streams. Careful plan-

ning has resulted in a perfect site for business and pleasure. A landscaped parkway dominates the center of the village.

IDEAL WORKING AND LIVING CONDITIONS

Splendid natural recreational features give Nahma, Michigan, ideal working and living conditions. Abundant game, particularly deer, excellent fishing and boating, sand beach along the Bay, golf course and airport are among its many advantages. Healthful, invigorating climate adds to its attraction.

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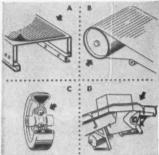
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On-the-job savings will add up rapidly through simpler loading, unloading, processing, storing; elimination of re-handling; increased working and storage space; reduced spoilage and breakage, and faster work flow. And your man-hour output is frequently doubled!



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18 full divisions, plus supporting units.

• A Navy of 1,161 ships and 790,-

· A Marine Corps of 192,000 men in two and one-third divisions, plus supporting units.

• An Air Force of 959,000 men in 95 air wings.

· A National Guard of 295,000 men, plus another 190,000 in the Army's organized reserve.

· A Navy and Marine Corps reserve of 195,337 men.

• An Air National Guard of 16,-

228 men, plus another 20,000 in the Air Force's organized reserve.

Pay, allowances, operational and maintenance costs for a force this size (excluding normal procurement) will total more than \$16.2-billion. Added to this are the over-all activities of the Defense Dept.

Add another \$714-million dollars for industrial mobilization activities, and you round out the appropriation request. Industrial mobilization funds are used for maintenance of governmentowned machine tools, government plants, etc.

The grand total comes to \$60.7-billion, which will probably get by Congress without much cutting.

DEFENSE BUSINESS BRIEFS

It will be illegal to scrap auto parts that can be rebuilt, if NPA adopts the recommendation of the automotive rebuilders industry advisory committee. It takes only about 15 lb. of new metal to rebuild an engine containing 475 lb. of raw materials-if the parts are avail-

Copper wire makers have changed their minds about how much of their output should go for defense. The industry advisory committee recommended that NPA raise the amount of production that must be set aside for DO orders to 50%. Ten days earlier the committee thought 15% would be enough. A flood of new orders is the reason for the change.

The flow of MRO (maintenance, repair, and operating) supplies to foreign users is being simplified and speeded up. NPA has been granting the DO-97 rating to qualified exports of MRO supplies. It is going to delegate this authority directly to Commerce Dept.'s Office of International Trade, which also screens applicants.

Dry-cell battery builders want NPA to relax its ban on zinc for civilian use. They say that cutbacks in military orders for batteries have resulted in layoffs and plant shutdowns.



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When vital business records are destroyed by fire . . . 43 out of 100 firms never reopen.

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BUILDINGS cover 172,000 sq. ft.; are fireproof, with waterproof concrete ceilings and twenty inch walls. Steam generating plant and high voltage electrical installation. Freight and passenger elevators. Ultra-modern sheet-metal plant.

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can "clues" help you?

Aluminum Programs Jell

Alcoa turns down Gulf Coast, picks Northwest as site for its new plant. Long-term market prospects are main reason. Alcan gets set for big Canadian expansion-with Britain's help.

Aluminum expansion took two big steps forward last week.

• In the U.S., the Aluminum Co. of America finally settled on Wenatchee, Wash., as the site for a 170-

million-lb. reduction plant.

• In Canada, Aluminum Co. of Canada, Ltd., got off to a start on a huge development in British Columbia and in the Province of Quebec.

I. Alcoa

In picking the Northwest-instead of the Gulf Coast-Alcoa put a long-term bet on Pacific Coast markets.

There were other factors, too. Alcoa stood to gain production time by going to Wenatchee. Financing was simplified; Alcoa may even have achieved a hedge against rising costs.

Not all the Northwest views the Wenatchee project as a favor. Many businessmen there ask: Why waste precious power on a process that creates so few direct jobs and leaves the area power-hungry?

• Wavering—Alcoa was wavering up to the last (BW-Apr.1.4.51,p21). It took four months of negotiations and the combined maneuverings of public and private power to bring the complicated three-way deal off.

Right from the start, the Bonneville Power Administration wanted a crack at supplying some of the power the aluminum expansion needed. But BPA has been short of firm power for years; it couldn't immediately guarantee the round-the-clock juice required.

· Puget Power-The best bet for fast power was Puget Sound Power & Light Co. Its Rock Island Dam-the only dam on the Columbia built by private capital-had six turbine generator foundations that were empty.

But Puget Sound was in a ticklish position. Portions of its system faced condemnation. Its president, Frank McLaughlin, has been trying to sell his property for years. The government, through Interior's Defense Electric Power Administration, was ready to seize those empty holes.

• Enter PUD-It never got a chance. Fearful that just this would happen, McLaughlin agreed to lease the holes to the Chelan County public utility district for 40 years. That way, he kept his property in one piece, a good selling point when the day to sell comes.

• Enter Alcoa-Thereafter, Chelan had something to sell Alcoa. The ChelanAlcoa deal was closed Apr. 26. Under it, Chelan will supply Alcoa 120,000 kw. on a firm basis-that is, continuous through the year.

But the Alcoa plant will need 170,-000 kw. Alcoa hopes to be in produc-tion in 15 months. And Chelan's Rock Island installations won't be ready till early in 1953.

• Enter BPA-That's where Bonneville Power Administration comes in.

BPA has contracted to supply 50,-000 kw. on an interruptible base. And until Rock Island is ready, Bonneville will carry the whole load on an interruptible basis. Then, when BPA's new dams are completed, it will take the whole Alcoa load again-for good. That will be by 1957.

· Why West?-Alcoa sweated out this four-month maneuvering largely because it figured the long-term economic and market outlook pointed west. But it had other reasons for deciding against the Gulf Coast:

First there was the problem of firm, competitive gas commitments. Moreover, a new gas-fired power installation would have added \$30-million to the cost. Then there was the time element. It would have taken two years, plus top

priorities, to get Gulf Coast power.

After 1955 Alcoa's power costs will be tied to Bonneville's industrial rate schedule-\$17.50 per kw. year. Long-term, that's bound to rise, but gas contracts have escalator clauses, too, And gas-producing states have long wanted to write tax laws that tap the heavy sendout in transcontinental pipelines.

Alcoa insists it isn't worried over possible damage to Wenatchee's apple orchards from fluoride fumes. It says it will build in fume-control equipment that will really do the job.

II. Alcan

Alcan, too, has sweated out its project. The problem was that, with aluminum expansion in the U.S. going great guns, Aluminum Co. of Canada wanted to be sure it had a market-or at least some financial help. After considerable dickering, the U.S. said no to both (BW-Jan.27'51,p25).

• To the Rescue-Last week Alcan said it was going ahead with its \$220-million plans anyhow. What the U.S. wouldn't do. Britain will. The British Ministry of Supply has held out a helping hand on two counts:

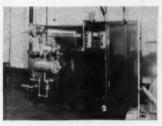
(1) It will advance a \$40-million loan



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Margarine call it the modern
margarine. Open the modern "zip"
package, put a modern "California
Quarter" on your serving plate and treat
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VOTATOR Margarine Processing Unit at Miami Margarine Co.

one of the big reasons for NU-MAID's appeal—modern processing methods. The eight VOTATOR margarine manufacturing units now employed by Miami are a far cry from the single original unit with which they pioneered the use of VOTATOR Processing Apparatus for the commercial production of margarine.

Choice ingredients for NU-MAID are fed into Girdler's modern VOTATOR Processing Apparatus—which emulsifies, crystallizes, tempers, and delivers the finished product to molding machines ready for packaging. All this takes place in a matter of seconds—six to ten times faster than with any other known heat-transfer mechanism. Fat crystals formed during the process are exceedingly minute, giving NU-MAID its smooth, uniform blend and texture.

Processing is on a continuous basis in a closed system. This eliminates the

variations inherent in batch processing, and safeguards purity and freshness.

If you process any liquid or viscous materials, investigate VOTATOR Processing Apparatus, the accepted continuous processing equipment for a host of food and industrial products. Find out today how it can improve your product and cut your costs.

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This 32-page book gives you the complete story on VOTATOR Processing Apparatus. Describes the processing of an amazing variety of food and industrial products.

Contains 12-page technical section with valuable reference data and charts. Write for your free copy today! The Girdler Corporation, Vocator Division, Louisville 1, Kentucky.

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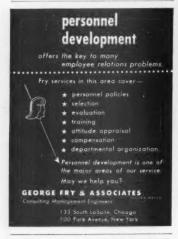
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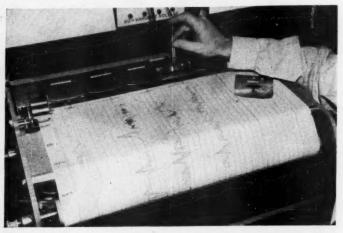
Jess M. Ritchie, Pres. 2411 Grove St., Oakland 12, Calif. SOME TERRITORIES OPEN



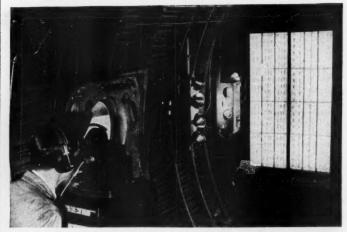
You advertise in BUSINESS WEEK When you want to influence Management Men against unsecured interest-bearing notes. In return, Britain will have first call on another 110-million lb. of Canada's annual output—about 1.2-billion lb. when the program is complete. That brings the total amount on which Britain has first call to 551-million lb.

(2) The Ministry of Supply has agreed to take 551-million lb. of Canadian aluminum in 1952, 573-million lb. in 1953, and 551-million lb. in both 1954 and 1955.

• Two Programs-Alcan's program will ultimately increase its aluminum ingot



"Wigglin' Willie" Takes the Place of...



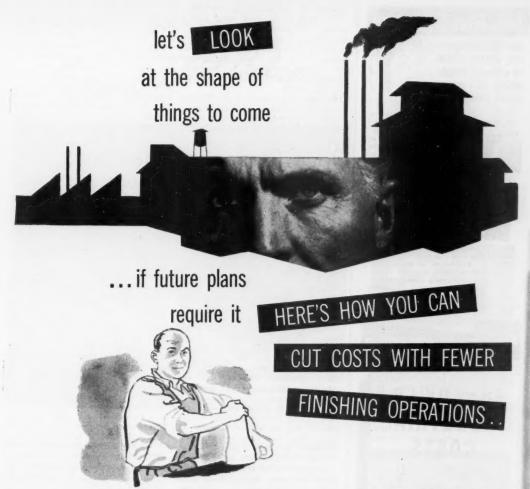
.. Photo Recording in Jet Test Flights

Aviation test engineers ask hundreds of questions about how the plane and the complicated machinery in it are operating. And they want the answers fast

Until recently, engineers testing Boeing's B-47 jet bomber got these answers by setting up a battery of manometer pressure tubes and dials in the test plane, taking moving pictures of their readings during flight (bottom picture), then developing the film and plotting

the results from the pictures. Processing took about two weeks.

That was two weeks too long. Boeing has devised a new tool that does the whole scanning and recording job at once. "Wigglin' Willie," as it's called, collects information on six different functions such as clevator and aileron hinge moment, normal acceleration, roll angle, etc., and scribbles its readings continuously on one sheet of graph paper (top picture).



You can keep your product finishing steps to a minimum with plastics! And, particularly with the leading plastic . . . polystyrme because, among other advantages, it comes in a wide range of built-in colors . . . colors that won't chip, peel or rust. With built-in color, you can reduce finishing operations.

Also, you can turn out more units per day with larger area moldings of polystyrene that have been developed through rapid advances in polystyrene research, in molding techniques and machinery. By using these new moldings in your products, you save valuable production time by reducing the number of assembly operations.

Dow, as a leader in the plastics industry, offers you a complete line of *quality controlled* polystyrene plastics under the registered trade-mark Styron, plus the expert assistance of Dow's Plastics Technical

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Plastics Division-Dept. MSOT-12

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LET US BUILD A LOW COST PLANT FOR YOU

See "Clues Section" appearing on page 158.

capacity by 331-million lb. annually.

The bulk of the cost, some \$160-million, will go into the first stages of developing a huge integrated operation in British Columbia. The other \$60-million will go into a new 200,000-hp. hydroelectric plant in northeastern Quebec, together with new aluminum ingot facilities.

• Flexible—One feature of the British Columbia project is its "flexibility." There is no doubt that Alcan will go ahead with it. But the company won't break its neck to do it in three years the estimated time it will take to get it started—if it looks as though there won't be a market for the new output.

Financing shouldn't come hard. Besides Britain's loan, the company has very substantial funds of its own.

One big reason for putting its new plant in the wilderness, 400 miles from Vancouver, is low-cost power. This will come from a chain of lakes through a 10-mile tunnel to a powerhouse inside a mountain.

Price Order for Machines

Machinery makers get a special order taking them out from under manufacturers' price order. It allows for special-design items, still will call for price rollbacks.

As a followup to last week's manufacturers' price order, the Office of Price Stabilization this week issued a supplementary regulation for machinery.

Covered are firms producing prime movers, industrial power apparatus, fabricating equipment, machine tools (until a special order on them goes into effect), farm and electrical machinery, forgings, transportation equipment, and construction and mining machinery.

Exempt are used machinery and rental equipment. The order does not establish ceiling prices on items for

• Price Will Be Rolled Back—The new rule—Ceiling Price Regulation 30—duplicates the manufacturers' order in many ways. But there are important differences; and most of these will make life easier for machinery makers.

Even so, the industry won't be crazy about the order. Prices will be rolled back on practically all machinery products. The regulation, however, is much more liberal than the producers have expected.

• What It Covers—CPR-30 resembles the manufacturers' regulation closely in the method it prescribes for the pricing of standard items. It permits machine makers to add increases in factory payroll and material costs to pre-Korean prices in effect during optional base periods—either Apr. 1 through June 24, 1950, or any one of the three previous calendar quarters.

Materials costs include cutting wheels, dies, jigs, and fixtures used specifically for the production of the priced items. Labor costs include product engineering and expansions and ordinary maintenance of plant and equipment. Excluded are increases in general administrative expenses, advertising costs, and general research.

Instead of the delivered price, which

other manufacturers can use, machinery firms must use published list prices.

• Base-Price Bookkeeping—But the production of machinery is unique in manufacturing in that its output includes a high percentage of specially built, custom-designed items. So, in a great many cases, no base period list prices exist. CPR-30, however, has a special premium for figuring the base price of such goods. Section 9 of the order permits the maker of a unique machine to figure a theoretical base period cost from:

 The hourly rates paid to workers on similar equipment during the base period, multiplied by the number of hours required for this machine.

 Overtime and shift premiums that had to be paid to produce the item, calculated at base period rates.

• The cost during the base period of the materials used.

 Base period subcontracting costs for parts, assemblies, or units produced outside the plant.

Once the base period price has been constructed, makers of both list-price and custom-built machinery simply add cost increases up to Mar. 15, 1951, to get legal ceiling prices. But here, increases in overtime and subcontracting cost cannot be included.

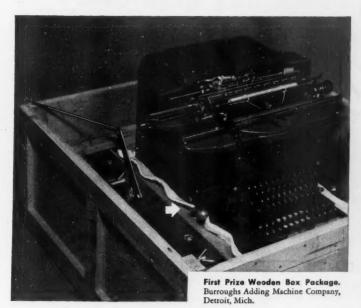
Effective date of the order is May 28, 1951, the same day as the manufacturers' order.

 Profit Squeeze—OPS officials realize that lack of permission to figure changes in overtime and subcontracting cost since Korea will squeeze the industry's profit margins. They hope to provide some measure of relief in future amendments.

Also due out in months to come are specially tailored orders that will cover fabricated steel shapes, plates and bars, and machine tools. Work on the special machine tool regulation will get under way any day now.

Prize-winning packages feature

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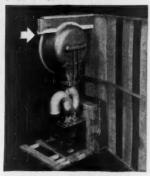




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Surgical Bed Pan Sterilizer, manufactured by Ohio Chemical & Surgical Company, Madison, Wis.



Thick KIMPAK pads are used at top and bottom of this tank.



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Rules for CMP

Methods of allocation and types of ratings are defined. Main question still is: How big will the uncontrolled area be?

The basic regulations that comprise CMP were tinkered into shape this week. What emerged was just what the blueprints called for. But some of CMP's top sponsors, when they saw what had been wrought, were as much puzzled as pleased.

CMP Regulations 1 and 3 were what came out of the week's round of conferences. No. 1 lists the basic rules for allocating selected shapes and forms of steel, copper, and aluminum to essential uses. The rules will sound familiar to anyone who knew the World War II model.

No. 3 spells out the three kinds of ratings that will be used on orders for controlled materials at least until Oct. 1. NPA directives (BW-Apr.28 '51,p135) will continue to be the top rating, followed by controlled materials allotments under CMP and DO's.

• Who Gets What-CMP divides industry into three classifications:

• Class A, by and large, comprises industries with government contracts. Makers of Class A products will be asked to file for allotments, either through government claimant agencies or through another industry.

 Class B is, roughly, the makers of essential goods not on government contract. They can file for an allocation under Regulation 1.

All the rest must find their materials in the uncontrolled area—the open end, which is the basic difference between the new CMP and the old one.
 Keeping Busy—NPA doesn't expect these last industries to be happy. But it hopes they will find enough materials to keep them reasonably busy until new production of steel and aluminum comes into the market in 1952.

The size of the open area is officially up to the Defense Production Authority. President Truman may actually have the last word (BW-Apr.21'51, pl36). CMP planners hope DPA will leave an open area in steel equal to about 70% of early 1950. But some steel producers think it may be as small as 25%. If it's that small, you can count on a violent reaction from open area business, with powerful congressional support.

NPA Administrator Manly Fleischmann spoke for the proponents of the new CMP in the midst of the week's flurry over Regulations 1 and 3: "We hope CMP will stay open-ended. But if it's a mess, we'll change it."

3 versatile metals

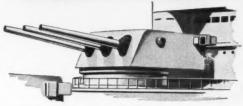
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CHECKLIST Of Defense Regulations

The following listing and condensed descriptions cover all the material and price-control regulations issued by the defense agencies during the preceding

Full texts of the material orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabi-lization, Washington 25, or from the regional OPS office in your area.

Materials and Orders

Consumer goods: Exempts the following five categories of consumer goods from the 80% restriction on use of iron and steel: medical, dental, and hospital specialties; pens and mechanical pencils: table tops for kitchen, dinette, and breakfast tables; ornamental lawn fence and railing; and miscellaneous items such as shoe trees. M-47 as amended _(Apr. 24).

Cans for milk: Grants preferential status to the production and delivery of small black plate containers for pack-ing whole, dried, or skimmed milk. M-25 as amended (Apr. 24).

Cadmium: Permits use of cadmium for certain ferrous nuts, bolts, screws, washers, and rivets in aircraft; parts of automotive and aircraft fuel pumps; aircraft battery hold-down bars. M-19 as amended (Apr. 26).

Columbium and tantalum: Requires anyone consuming or having more than 10 lb. of contained columbium or tantalum during any calendar month to file a report. Also increases working inventories from a 30-day to 45-day supply. M-49 as amended (Apr. 26).

Glass containers: Illustrates designs for 42 basic glass containers that may be used by any manufacturer wishing to produce them. M-51 Schedule I

NPA Agricultural Dept.: Gives Dept. of Agriculture authority to use certain allocation and priority functions over foods that have industrial uses. Delegation 10 (Apr. 26).

Price Orders

Cotton: Authorizes cotton merchants to carry out "fixed price" and "on call" contracts entered into before Mar. 5, 1951. Effective Apr. 30, 1951. CPR 8, Suppl. Reg. 2.

General manufacturers regulation: Sets ceiling prices for many manufactured products at a pre-Korean base

plus actual increases in materials costs through 1950 and later increases in factory payroll costs through Mar. 15, 1951. Effective May 28. CPR 22.

Territory gasoline prices: Excludes service stations operating in U.S. territories and possessions from adding a 4é-per-gal. margin to tank wagon gasoline ceiling prices in establishing service station ceiling prices. Effective Apr. 30, 1951. CPR 13, Amend. 1.

Branded articles: Permits manufacturers to fix wholesale and retail prices on branded articles. Effective May 30. CPR 7, Amend. 4.

Chain store pricing: Permits a chain that is a single seller to file a single pricing chart for categories for which it usually sets uniform selling prices centrally for all its outlet stores. Effective Apr. 26. CPR 7, Amend. 3; also Amend. 2 to Suppl. Reg. 1 to CPR 7.

Home canning supplies: Permits wholesaler or retailer of home canning supplies to determine his ceiling prices by applying to his current invoice net cost the percentage markups used during base period Mar. 24, 1950-June 24, 1950. Effective Apr. 26, 1951. Suppl. Reg. 21 and Suppl. Reg. 3 to CPR 7.

Inedible products: Exempts certain inedible products (dead stock) from any ceiling price restrictions. Effective May 5. General Overriding Reg. 7 (Apr. 30).

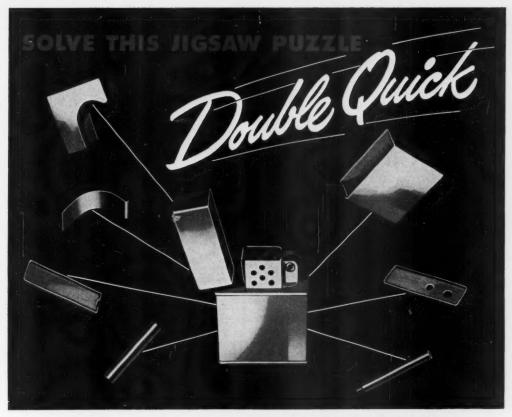
Coal, except Pa. anthracite: Clarifies certain provisions in original order and approves continuation of premium and penalty contracts for coal delivered from mine of preparation plant. CPR 3, Amend. 1.

Pennsylvania anthracite coal: Permits retail coal dealers, who during calendar year 1950 bought coal at the mine and shipped it directly to the customer in carload lots, to continue charging a premium price. CPR 4, Amend. 1.

Pulpwood and wood pulp: Permits manufacturers of wood pulp, paper, paperboard, and related products to use increases in their material costs of imported pulpwood and imported wood pulp up to and including Apr. 16, in determining their ceiling prices. Effective May 28. CPR 22.

Ceiling prices: Extends date on which wholesalers and retailers of dry groceries must begin to use ceiling prices from Apr. 30 to May 14. Effective Apr. 27 CPR 14, Amend. 1; CPR 15, Amend. 1; CPR 16, Amend. 1.

> The Pictures-Cover by Jack Zehrt. Acme-36, 102; Hans Basken-96; Bettmann Archive-46 (top), 47 (top); Int. News-26, 78, 86, 100; Bob Iscar-117, 118, 120; Rae Russell-22, 23; Wide World -20, 32, 34, 103, 156; Dick Wolters-64.



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So they conceived this giant human centrifuge which can spring from a dead stop to 180 miles per hour in 7 seconds—and can build up a centrifugal force that pushes the pilot against his seat cushion with as much as 40 times the force of gravity.

The flyer rides in a gondola where instruments trace the pattern of his physical reactions. One of these instruments, which records brain waves, must register *ten one-millionths* of a volt or less.

To conduct these delicate electrical impulses without loss or distortion, an unusually heavy rhodium plating was specified for the slip ring contacts. Because of broad experience in this field of metallurgy, Mallory succeeded in meeting this difficult requirement.

This is but one of many instances where Mallory creative engineering has accomplished metallurgical "impossibilities". When instrument makers wanted a high density metal less expensive than gold or platinum, Mallory created Mallory 1000 Metal. Electrical equipment manufacturers needed a contact material rugged enough to withstand the shock load of millions of volts. Mallory Elkonite* was the answer. For jet plane requirements, Mallory developed a new titanium alloy half as heavy as steel and equally strong.

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INTERNATIONAL OUTLOOK

BUSINESS WEEK MAY 5, 1951



Events—rather than revelations from the "great inquiry" in Washington—will shape our strategic decisions in the Far East.

Neither MacArthur nor the Administration can answer the key question: Will the Russians intervene actively in Korea? Our intelligence just doesn't have any reliable clue to the Kremlin's intentions.

Meantime, our policy continues to be: Kill Chinese; be prepared. The preparations include plans for bombing Manchuria, arms for Formosa, and tighter restrictions on shipments to Red China.

Those members of the United Nations fighting in Korea will soon give Gen. Ridgway tacit approval for retaliatory bombing in Manchuria.

But they will approve only if U. N. soldiers are in grave danger. They've been assured by the State Dept. that the U. S. will consult with them before letting loose—unless, of course, there's a life-or-death emergency.

Already Ridgway has detailed instructions on what to do and which Manchurian bases to hit if our sanctuaries in South Korea and Japan are attacked by Soviet-Chinese air power.

The Administration is ready to ask for large additional funds and military specialists to shore up Chiang Kai-shek and Formosa.

It's purely for defense of that island. Even if U. S. policy called for mainland operations by Chiang's men, it would take a bare minimum of six months to whip them into shape for the job.

Washington is pressing hard for a complete U. N. embargo on shipments of strategic materials to Peiping.

The State Dept. is getting tougher than ever with London. Britons sent \$3.7-million worth of goods to China during the first quarter of this year. A lot more non-British goods funneled in via Hong Kong.

Foreign Secretary Herbert Morrison is well aware that the issue is a hot potato in the U.S. He's likely to clamp down soon—just as he did when Chinese purchases of Commonwealth rubber rose sharply in March.

But don't expect a formal U. N. blockade. The Commonwealth countries, France, and others will keep stalling for the time being.

Some foreign observers think the climax of the Korean war is near at hand—perhaps by June or July.

They're the ones who warned of Chinese intervention last fall. Here's a report on their reasoning:

The critical moment will come after the Chinese offensive is stopped and a U. N. counteroffensive is mounted. Then the Kremlin will throw in Soviet-manned aircraft regardless of consequences. Why? Because another Chinese defeat would be disastrous for Soviet influence in Asia.

These sources point to Deputy Foreign Minister Gromyko's blunt threat last week in Paris: "There will not be enough room in Korea for the white crosses over the graves of the interventionists if the fighting does not come to an end." Gromyko didn't think that speech up all by himself. It follows exactly the lines of Stalin's threat to intervene in Korea laid down in his famed Pravda interview (BW-Feb.24'51,p139).

Come what may in the Orient, Stalin will keep the heat on the Atlantic Alliance in Europe.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK MAY 5, 1951 A stepped-up psychological war is likely in France—to hit a peak at the time of French elections, which may be coming in early summer. It might be geared to a crisis in Korea.

In a grand gesture, the Russians would offer Frenchmen a nonaggression and friendship pact if they pulled out of the North Atlantic Treaty Organization. The French Communists would help out with tie-in strikes, sabotage, offers of participation in a "popular front."

Look for the same technique in Italy, too.

The climax is at hand in the Iranian oil crisis.

The takeover of Anglo-Iranian Oil Co.'s assets in Iran seems inevitable—unless London threatens force. But that course isn't at all likely.

London still hopes the Iranians will compromise—agree to nationalization, but with management left in British hands. AIOC thinks it has some trump cards to play if the Iranians can be brought to sober discussion:

- Iran needs AIOC's oil royalties desperately. They're just about Teheran's only source of revenue.
 - · Iran needs British technicians, British tankers to keep its oil business.

But there's a joker in the company's argument: Iran could turn to Moscow for help. That's just what the Russians want.

They've primed their Iranian hatchetmen—the Tudeh party—to threaten civil war unless the British are turned out of the country.

And even though the Shah, plus newly installed Premier Mossadegh, and most Iranian legislators are anti-Soviet, a severe economic crisis would sway them toward Russia.

Britain's embattled Labor government has closed ranks. But the echo of the Bevan-Wilson revolt continues to reverberate.

Attlee can survive on the danger line for months. But his position is so weak that the Conservatives are sure to be in office before yearend.

The best London dopesters figure that if elections come soon Churchill will be a shoo-in with a 100-seat majority. That's enough for five years of undisturbed power unless a world emergency forces a coalition.

The raw materials hassle brought to the limelight by Bevan's resignation is still hot.

Bevan charged that the U. S.—with its tremendous production goals and \$3-billion stockpile—is starving out its Allies.

Now U. S. mobilization man Charles Wilson is trying to calm Europe's fears.

This week in London and Paris he promised our Allies fair shares of the world's and U. S. resources. He said, too, that he would speed up the work of international commodity allocations groups now meeting in Washington.

But in return, Wilson says <u>Britain</u> and France must draft firm military production programs, with timetables to provide a basis for sharing supplies.

French experts, however, are sceptical of the results of Wilson's efforts. They're deathly afraid of runaway inflation.

And they don't think the non-Atlantic Pact nations at the Washington commodity talks will agree to gear their production, prices, exports to the Atlantic rearmament effort.

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BUSINESS ABROAD



Power-Both Sides of the Line

The West welds an armed bloc of Turkey, Greece, and Yugoslavia. Across the closed frontiers, Russia molds 35-million people, largely unwilling, into her centralized Communist empire.

Europeans are forever afraid that the U.S. will let the bitter struggle in Korea take its eye off the ball in Europe. They're especially nervous about the Balkans—cradle of more than one hot war.

• Unneeded—The U.S. scarcely needs reminding of the danger. Together with its British allies under the Atlantic Pact, the U.S. has worked hard to build a firm western bastion south of the Danube and mount guard over the eastern Mediterranean, gateway to the Middle East—and oil. The effort is paying off: A new power bloc is forming in Yugoslavia, Greece, and Turkey to balance the threatening Soviet satellites to the north. Here's a lineup:

 The West's Balkan bloc of 43million people, embracing Turkey, Greece, and Yugoslavia. It is bolstered by U.S. aid and the superior air and sea power of the Atlantic nations.

· The Soviet satellites-Hungary,

Bulgaria, Romania, with Albania as a shaky outpost; 35-million souls all told. It's backstopped by the industrial power of Czechoslovakia and Russia's armies.

The two blocks have these factors in common: a relatively meager industrial development with a low standard of living (an average per capita income of \$130 yearly); and an extremely high degree of militarization. The Kremlin's bloc has a standing army of a half a million men—Tito puts the figure at 660,000. The West's bloc has perhaps twice that number. But after that, the two teams differ significantly.

I. The West's Bloc

The big weakness in the Turkish-Greek-Yugoslav grouping is that it is a community of fate and geography, rather than a tightly controlled political and economic coalition such as the Soviets can muster. Yugoslavia is a

Communist country; Turkey as a nation is the most fanatically anti-Communist in Europe. Greece is still licking bitter wounds inflicted by a Yugoslav-supported Communist civil war. Century-old racial and religious differences make it well-nigh impossible to forge a unified strategic unit-under a multinational command like the Atlantic Pact. At least not before the beginning of all-out war.

However, western diplomacy and the magic of the U.S. dollar have achieved more than an artificial alliance in the Balkans. Since the Truman Doctrine was announced in 1947 to shore up Greece and Turkey, the U.S. has spent billions in the area—relief shipments, economic aid, military advice and equipment. Recently Washington—and London, too—have answered Tito's plea for arms aid and have assembled the largest fleet ever to patrol the eastern Mediterranean in pracetime

Mediterranean in peacetime.

Over-All Plan—The results are promising. Recently the Turkish, Greek, and Yugoslav governments have been discussing collective security arrangements. And all three are being integrated into Eisenhower's over-all strategic plans for Europe's defense.

Greece and Turkey are members of the "Mediterranean Committee" of the North Atlantic Treaty Organization—and are demanding full membership. Yugoslavia doesn't officially want to join NATO—feeling that its interests are better served by maintaining its unique independent position. But several weeks ago Tito accepted a promise from U.N. Secretary General Trygve Lie that any attack on Yugoslavia would be met by the U.N. in the same way as the attack on Korea. The logical corollary: If the attack came, the Yugoslav army would come under Eisenhower, as supreme U.N., commander.

• Military Talk—Collective security talks are going on, too. Here's an example of the proposals being discussed: If the two Bulgar army corps, now huffing and puffing on the Greek and Yugoslav borders, were to move into Greece or toward Albania, both Athens and Belgrade would take over Albania. If the Greek Communist army, now in Bulgaria, were to start a Greek "liberation" drive, Yugoslavia would assist in defense. And any such move would bring immediate action from Turkey. But it's all in the talking stage.

Once these plans are worked out, a Soviet attack or proxy attack via a satellite wouldn't be possible against one of the Balkans. The rest would act, and then NATO would intervene.

II. The East's Bloc

If there's one thing the Soviet Balkan lineup can boast, it's singleness of purpose. The Kremlin has gone a long way

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in the job of integrating the satellites into its economic and military system.

The big weakness remains: The general hatred of the populations for Soviet rule, and the clandestine popularity of the U.S.

Soviet strategists hope to reach their military integration target by the end of this year. That means unified Russian staff leadership in the satellites and a higher degree of mechanization with Soviet tanks and planes. From Poland to Bulgaria, Soviet officers have achieved varying stages of the process—with Bulgaria and Romania perhaps furthest along.

• Economic Ties—In addition, the

• Economic Ties—In addition, the Korean war was the signal for all eastern Europe's railroads to come under Soviet military control. Russian officers are currently strawbossing the construction of new military railroads in Bulgaria. Their route sounds ominous: from the Black Sea ports to Bulgaria's west and south borders.

As for the satellite economies, Russians are sewing them up in a variety of ways—all with the long-term view of turning those nations into Soviet colonies. One technique is the creation of Russian enclaves within a country—from which local authorities are excluded. The best known of these is the uranium workings in northwest Bohemia (map, page 153). There's another coming along in Bulgaria, near Sofia.

A large portion of satellite industry

has come under new management. Virtually all Romanian enterprise-from oil to banking to grain export—is run by Russians. This is also true of Hungarian aluminum and Bulgar mining.

• Guided Investment—The most effective instrument of the economic integration policy is the enforcement of investment in such a way as to make the satellite a helpless dependent of Russia. Czechoslovakia, industrial anchor of the eastern bloc, is getting the full treatment. Last winter the Kremlin dictated an increase in Czech steel output—from 3.5-million tons to 4-million. Since Czechs have little iron, and for lack of hard currency can't buy it from Sweden, all the iron must come from the Ukrainian mines—at stiff prices.

At the same time, Russia is forcing Czechoslovakia to concentrate on heavy capital goods—cutting down on exportable manufactured and consumer items. That keeps it from earrying on its normal trade with Western Europe.

One of the most ambitious Kremlin schemes involves the creation of an "Eastern Ruhr"—based on Polish coal and Ukrainian iron ore. Indications are that Czechoslovakia's northwestern metals industries are being moved eastward, under Russian management. The idea is to have another enclave (circled, map, page 153) completely out of the hands of the Czech and Polish governments. Soviet hopes are to have a steel production there of 10-million tons yearly by 1954.



"Nimble" Is Ford's Word for New British Car

Ford cars-from venerable Model T's to uppity 1951 hard-top convertibles—have a brand-new British cousin to welcome. It's the Consul, built by British Ford, and it arrived in New York last week. Billed by the admen as "The Surprise Car of the Year," Consul's sales pitch features maneuverability—"drives easier, parks easier, and nimble is its middle name." It doesn't cost

much easier though; you'll have to plunk down \$1,800 or so to get one without radio and heater. Ford Motor Co., Dearborn, will run the sales and keep spare parts on hand for the selected Ford dealers who will handle the car. Consul has a 100-in. wheelbase, a compact four-cylinder engine, and an interior design that Ford calls "conservative, but by no means austere."

NATIONAL FORGING MACHINES For Deep-Piercing and Upsetting!



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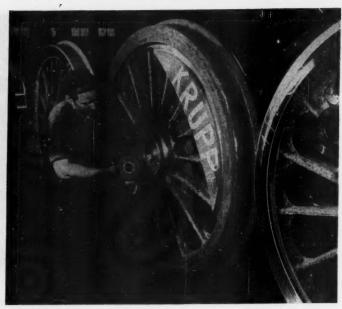
Chicago











DRIVER WHEELS are for 200 locomotives ordered for South Africa and Indonesia.

Krupp Is Back In Business

Germany's main munitions producer in two wars was knocked flat in the last one. Now it's making locomotives, trucks, tools, and false teeth—but "never another gun."

By the end of the war, the Krupp works at Essen, which supplied Germany with a large part of its guns, tanks, ships, and shells in two wars, was a shambles. In 55 attacks, Allied airmen had dropped over 2,000 tons of bombs on the plant.

• In Business Again—Today, six years later, Krupp is fast losing the look of a colossal junkyard that had made it a familiar symbol of Germany's defeat. The piles of twisted steel and broken masonry have all been cleared away, and new factory buildings are going up over old foundations. Krupp is back in business.

 Its locomotive shops are planning on orders for 100 locomotives each for South Africa and Indonesia.

Its heavy truck production lines
 —evacuated to Bavaria during the war—
 are back in new buildings and will soon
 hit peak production of 150 trucks
 monthly, ranging in size from five tons
 to 11 tons.

 Output of carbide tools is picking up fast; but production of steel dentures—which Krupp started making 50 years ago—is more important now than most engineering equipment.

· With Allied permission granted

recently, Krupp will soon reactivate its iron foundry and forging shop. But it is allowed only a 2,000-ton press; the 15,000-ton press that used to be in the forging shop has been dismantled and sent to Yugoslavia.

• Dismembered Empire—But this activity at Krupp is still a big comedown from the days before the bombs. The Essen works today employs only 13,500 workers compared to more than 80,000 who worked there during World War II and 167,000 during World War I. Essen is about all that remains of

Essen is about all that remains of Krupp's once-great industrial empire. Its West German coal mines and steel properties are being divested of Krupp ownership and becoming independent units under decartelization proceedings. Holdings behind the Iron Curtain have been written off. Krupp's shipbuilding yards at Kiel have been completely dismantled as well as its low-grade ore installation at Salzgitter.

• Roots in Essen—In a sense, the tree has been stripped of its branches and all that remains is the trunk. For Essen is the place where Krupp took root, 141 years ago. One Friedrich Krupp bought a small forge there in 1810 and worked, unsuccessfully, on the problem of manufacturing cast steel. When he died, his son, Alfred-later to be known as the "Cannon King"-took over. For years the little concern barely paid its way. The breakthrough came in 1851 when Alfred Krupp exhibited in London a solid, flawless ingot of cast steel weighing two tons. This caused a sensation, and the Essen works sprang into fame.

With profits from its development of a weldless steel railroad tire and production of munitions, the company grew and grew. By 1940 it was capitalized at about \$500-million and was completely integrated-from the coal and ore in the ground to the finished prod-

• Paternalism-But the biggest part of the empire was always at Essen. The town was the company, and the company was the town. Krupp is the classic example of extreme paternalism. Back in the 1860's, when the company was making its most rapid expansion, Alfred Krupp started company "colonies, separate villages complete with schools, libraries, clubs, and stores. The policy continues even today, with cradle-to-grave security benefits for workers that have not yet been equaled by anything that German trade unions and Socialists offer.

Unemployment is a big problem at Essen today. Bombing and dismantling put thousands on the dole. Eighteen months ago, the city and provincial governments organized a development corporation to get other manufacturers to locate on Krupp premises. So far, the program has had unimpressive results. Only a few small companies, employing fewer than 1,300, have moved in. And these are light manufacturers -makers of welding rods, zippers, textiles, and toys-which Krupp manage-ment men deem unworthy of heavy industry's hallowed ground. They contend that light industries are unsuited to Essen's labor force, which consists almost entirely of Krupp-trained workers. • Krupp Leaders-The Krupp name is

still in the company hierarchy in the person of Alfred Krupp von Bohlen, heir to the empire and several times great-grandson of the founder. He was released from prison lately and had his property rights restored. But he is keeping in the background in an effort to avoid stirring up political dissension. It is doubtful, however, whether he would take an active part in management even if he were politically palatable. He is not considered a top-flight industrial leader.

The real initiative and drive in the company today comes from its director, Dr. Friedrich Wilhelm Hardach. His main concern now is to persuade the allied military governments to permit Krupp to build capacity for production of special steels. Former customers in the cutlery trade, for instance, require

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quality steels and are dissatisfied with the products they are getting from mass producers. They are helping to agitate

for expanding Krupp capacity.

No More Guns-To improve his argument for expanding capacity, Dr. Hardach recently assured the Allies that "Krupp will never make another gun -not even if we are accused of sabotaging the European rearmament program."

"After twice getting our fingers burned building arms for two wars, no one can justly complain if we say, 'Nevermore,'" Dr. Hardach protested. No one, however, is foolish enough

to bet against Krupp ever making armaments again, particularly in view of the recent Allied about-face on German remilitarization. Still, it's far too early to become as hysterical as the British newspaper reporter who, after watching carpenters working on the old Krupp tank shop, wrote an article saying that tank production was imminent. He later discovered that the carpenters were installing toilets to accommodate workers in adjoining buildings.

BUSINESS ABROAD BRIEFS

The first made-in-Israel auto-a fourdoor Kaiser Special-has rolled off Kaiser-Frazer of Israel's new assembly lines at Haifa. Most of K-F's production there (25 Kaiser's and Henry J's daily) is for export; the Israeli gov-ernment has agreements with 28 nations to swap cars for food, machinery.

Uranium has turned up in eastern and central India. The New Delhi government has set up a company to process the ore, and India's Atomic Energy Commission hopes to set up a small experimental atomic pile soon.

Air transport: British European Airways plans regular helicopter passenger service this summer between Birmingham and London. . . . British Overseas Airways Corp. begins twice-weekly flights between Boston and London this week. And its New York-London service will be stepped up from nine to 14 round trips weekly. . . . Israel's national airlines-El Al-starts twiceweekly service linking New York and Lydda.

Chile will get a \$1.3-million newsprint mill that will turn out 20,000 tons yearly, if plans submitted by U.S. investors to the government there get approved. The chances are good: Right now Chilean publishers have to pay \$300 a ton for Canadian newsprint that cost \$180 a year ago.

The French are rubbing salt in old

British wounds. Britain dropped \$100-million trying to grow peanuts in East Africa (BW—Jan.20'51,p125). Now Dakar, French West Africa, is in the middle of a peanut boom: 500,000 tons harvested yearly, two peanut oil plants, land values up 65%.

The SALTE Plan-Brazil's \$1-billion, five-year development project—has come a cropper. President Vargas thinks it's "too ambitious" in view of present

financial circumstances (BW-Jun.24 '50,p113).

Canadian business: The Carnation Co. of Canada will build a \$250,000 milk-processing plant at Alexandria, Ont.

. Byron Jackson Co., Los Angeles pump manufacturer, plans a \$750,000 branch plant in Canada—site not yet determined.

. Ford Motor Co. of Canada will build Jeeps for the Canadian government with permission

of Willys-Overland Motors, Inc. The order may amount to \$21-million, including Ford's tooling-up costs.

U. S. investors poured money into Canada last year. According to Canadian figures, the net flow of capital from the U. S. to Canada hit \$951-million, making U. S. investment north-of-the-border \$6.5-billion. New direct investment by U. S. industry in Canadian branch plants was \$167-million.

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Prices and Profits

Price control means profit control. That's what Eric Johnston, Economic Stabilization Director, has just

spelled out for American businessmen.

As a criterion for the Office of Price Stabilization in adjusting price ceilings, Johnston has announced an "industry earnings standard." The general formula boils down to this: An industry's prices are high enough if dollar profits amount to 85% of the average of its three best years during 1946-49 (BW-Apr.21'51,p134). No firm in an industry earning as much as it did then, regardless of the volume of business now, can look for

price relief from rising costs.

During World War II, OPA officials were loud in protesting that their job was to control prices, not profits. Their successors in OPS today doubtless say the same thing. Technically, of course, they are right. The Johnston formula is for adjusting ceiling prices, not fixing profits. How it is administered will determine its effect on profits. But in plain fact, the "industry earnings standard" can operate to bring all profits down to the prescribed level. Higher wage costs are a certainty and higher material costs almost equally so. Profits can be made to give way to the increased costs that the government can't or won't really control. In this case the profit ceiling is borrowed from the excess profits law-a law, incidentally, which the operation of Johnston's formula could make obsolete. Under OPA it was 100% of the dollar profits earned in 1935-39. Obviously the limit can be whatever the government wants it to be.

The profit control formula is part and parcel of the whole apparatus of direct controls on the economy. We must live with them now and try to make them work until we can get rid of them. To hasten that day we must step up the fight on inflation where it hurts. That means cutting down spending by new taxes that transfer to the government money going into markets for scarce goods, tightening down the credit screws harder, and working out new ideas to stimulate savings. If we get up the courage to do these things, the day of price control and profit control can be brought to an end.

Memo to Businessmen

Businessmen will be hearing more and more about something called the National Voluntary Credit Restraint Program. Sponsored by the Federal Reserve System, it is a well-organized try at holding down inflationary credit expansion. The idea, unfashionable in some circles these days, is simple: If lenders and borrowers stick to loans for essential production, then the day can be put off when the government steps in with new mandatory controls over credit.

The National Voluntary Credit Restraint Committee, headed by able Federal Reserve Board Gov. Oliver S. Powell, is concentrating on the lenders—banks, insurance companies, underwriters. It has staked out some guideposts for them, particularly in the sensitive areas

of inventories and plant and equipment.

The committee knows full well that the best intentions of lenders to fall in with the voluntary program will go off the track if their customers don't understand and help the plan along. That's why it asked chief mobilizer Charles Wilson for aid. Wilson requested Secretary of Commerce Sawyer to enlist business support for the program. The Secretary named Robert T. Stevens, New York textile merchant and banker, to head up the job. Stevens and his group are now laying plans to spread word of the plan among businessmen.

This part of the job is of real importance to Powell and his committee. Lending, like any selling, is highly competitive. If the First National Bank turns down an otherwise sound loan because it doesn't qualify under the committee's ground rules, the customer can try the Farmers Trust Company down the street. He can shop around. This puts any voluntary program under terrific pressure. It makes a whale of a difference whether a businessman says to his banker, "How about that loan now?" or "How does that loan we talked about fit in

with the program?"

It's important to businessmen, as well as lenders, that the voluntary program go as far as it can in holding down credit expansion. The alternative is a new straitjacket of controls that in the end could find a government credit policeman in every lending office to handle loan applications. Businessmen can help avert that sad day by supporting this voluntary program. They can do it by carefully screening their own credit needs and by understanding why a loan request may have to be whittled down or rejected to help fight inflation.

Dulles in Japan

Reports from Ambassador John Foster Dulles, just returned from his third trip to the Orient within a year, show that in spite of such shocks as the Korean war and the MacArthur recall, the peace treaty with Japan is moving forward. Russia is not an occupying force there. It is hoped that she will sign the treaty, but her signature

is not needed to make it legal.

To frame a treaty and sell it to a defeated aggressor and her 53 conquerors is a task requiring an unusual combination of skills. The former Senator from New York has them. Dulles has been an international lawyer, a lav religious leader, Senator, and American representative in the United Nations. His diplomatic life stems from attendance as a young man at the Versailles peace conference after World War I. Unlike certain other influential Americans, he sees both sides of both oceans.

Early in April he told a California audience that he hopes for a "peace of reconciliation" between Japan and her former enemies. Prompt ratification of a treaty sprung from such high purpose will have an effect far

beyond the Japan shores.

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